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Unless defined otherwise, terms used in this announcement shall have the same meanings as defined in the prospectus of Grandy Applied Environmental Technology Corporation (the "Company") dated 29th April, 2002 (the "Prospectus").



**GRANDY APPLIED ENVIRONMENTAL TECHNOLOGY CORPORATION**  
**泓迪應用環保科技有限公司\***  
(incorporated in the Cayman Islands with limited liability)

**LISTING ON  
THE GROWTH ENTERPRISE MARKET OF  
THE STOCK EXCHANGE OF HONG KONG LIMITED  
BY WAY OF PLACING AND PUBLIC OFFER**

<b>Number of Offer Shares</b>	<b>:</b>	<b>160,000,000 New Shares and 40,000,000 Sale Shares (subject to Over-allotment Option)</b>
<b>Number of Placing Shares</b>	<b>:</b>	<b>140,000,000 New Shares and 40,000,000 Sale Shares (subject to reallocation and Over-allotment Option)</b>
<b>Number of Public Offer Shares</b>	<b>:</b>	<b>20,000,000 New Shares (subject to reallocation)</b>
<b>Offer Price</b>	<b>:</b>	<b>\$0.28 per Share</b>
<b>Nominal value</b>	<b>:</b>	<b>\$0.01 each</b>
<b>Stock code</b>	<b>:</b>	<b>8143</b>

**Sponsor and Lead Manager**



**HANTEC CAPITAL LIMITED**

**Co-sponsor**



**SBI E2-CAPITAL (HK) LIMITED**

**Lead Managers**



**PHOENIX CAPITAL SECURITIES LIMITED**



**SBI E2-CAPITAL SECURITIES LIMITED**

**Co-managers**

**CEF Capital Limited**

**GC Securities Limited**

**Underwriters**

**Tanrich Securities Company Limited**  
**Core Pacific-Yamaichi International (H.K.) Limited**  
**Guotai Junan Securities (Hong Kong) Limited**  
**Mayfair Securities Limited**  
**Taiwan Concord Capital Securities (Hong Kong) Limited**  
**Sinomax Securities Limited**

**Sanfull Securities Limited**  
**Christfund Securities Limited**  
**Hung Sing Securities Limited**  
**Shenyin Wanguo Capital (H.K.) Limited**  
**Kaiser Securities Limited**  
**Young Champion Securities Limited**

\* For identification purpose only

## SUMMARY

- A total of 1,302 valid applications pursuant to the Public Offer made on the **WHITE** and **YELLOW** application forms for a total of 4,826,020,000 Public Offer Shares have been received, equivalent to about 241.3 times of the total number of 20,000,000 Public Offer Shares initially available for subscription under the Public Offer.
- Pursuant to the reallocation arrangement set out in the Prospectus, 80,000,000 Shares have been reallocated from the Placing to the Public Offer as a result of over-subscription in the Public Offer. As a result of such reallocation, the total number of Shares available under the Placing and the Public Offer amount to 100,000,000 Shares and 100,000,000 Shares respectively, representing 50% and 50% respectively of the total number of Offer Shares offered under the Share Offer.
- The initial 180,000,000 Placing Shares available under the Placing were oversubscribed. Applications for a total number of 1,995,420,000 Placing Shares have been received, equivalent to about 11.1 times of the total number of 180,000,000 Placing Shares initially available for subscription under the Placing. Pursuant to the reallocation arrangement set out in the Prospectus, 80,000,000 Shares have been reallocated from the Placing to the Public Offer and the remaining total number of 100,000,000 Placing Shares under the Placing (after reallocation) have been conditionally allocated in full.
- The Over-allotment Option was fully exercised by Phoenix Capital Securities Limited on 3rd May, 2002, pursuant to which 30,000,000 additional new Shares have been allotted and issued for the purpose of settling over-allocations in the Placing on 7th May 2002.
- The Shares issued pursuant to the Over-allotment Option represent approximately 3.61% of the enlarged issued share capital of the Company immediately after the Share Offer and the exercise of the Over-allotment Option.
- Share certificates for Public Offer Shares allotted to applicants using **WHITE** application forms who have applied for less than 5,000,000 Public Offer Shares or those who have applied for 5,000,000 Public Offer Shares or more but have not marked on the application forms that they wish to collect their share certificates and/or refund cheques (if any) in person will be posted to those entitled to the address on the application form by ordinary post at their own risk on Wednesday, 8th May, 2002.
- Share certificates for Public Offer Shares allotted to applicants using **WHITE** application forms who have applied for 5,000,000 Public Offer Shares or more and have marked on the application forms that they wish to collect their share certificates and/or refund cheques (if any) in person will be available for collection from 9:00 a.m. to 1:00 p.m. on Wednesday, 8th May, 2002 from the Company's Hong Kong branch share registrar, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong. Any share certificates not collected within such time will be posted to those entitled to the address on the application form shortly after the time specified for the collection on the date of despatch by ordinary post at their own risk.
- Share certificates for Public Offer Shares allotted to applicants using **YELLOW** application forms will be issued in the name of HKSCC Nominees Limited and are expected to be deposited directly into CCASS for credit to the applicants' CCASS investor participant stock accounts or their designated CCASS participants' stock accounts at the close of business on Wednesday, 8th May, 2002.

- Refund cheques to applicants using **WHITE** or **YELLOW** application forms who have applied for less than 5,000,000 Public Offer Shares, or those who have applied for 5,000,000 Public Offer Shares or more but have not marked on the application forms that they wish to collect their refund cheques in person, or in the case of invalid applications, will be posted to those entitled to the address on the application form by ordinary post at their own risk on Wednesday, 8th May, 2002.
- Refund cheques to applicants using **WHITE** or **YELLOW** application forms who have applied for 5,000,000 Public Offer Shares or more and have marked on the application forms that they wish to collect their refund cheques in person will be available for collection from 9:00 a.m. to 1:00 p.m. on Wednesday, 8th May, 2002 from the Company's Hong Kong branch share registrar, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong. Any refund cheques not collected within such time will be posted to those entitled to the address on the application form shortly after the time specified for the collection on the date of despatch by ordinary post at their own risk.
- Dealings in the Shares on GEM are expected to commence at 9:30 a.m. on Friday, 10th May, 2002. If there is any change to the expected timetable, an announcement will be made by the Company on the GEM website at [www.hkgem.com](http://www.hkgem.com).

## **APPLICATIONS RECEIVED UNDER THE SHARE OFFER**

The Directors announce that as at the date of this announcement, a total of 1,302 valid applications had been received pursuant to the Public Offer on the **WHITE** and **YELLOW** application forms for a total of 4,826,020,000 Public Offer Shares, equivalent to about 241.3 times of the total number of 20,000,000 Public Offer Shares initially available for subscription under the Public Offer.

No multiple application and suspected multiple application has been found. No application for more than 100% of the Public Offer Shares available for subscription by the public has been received. The Public Offer Shares were allotted on the basis as set out in the Prospectus.

The Directors further announce that the initial 180,000,000 Placing Shares available under the Placing were oversubscribed. Applications for a total number of 1,995,420,000 Placing Shares have been received, equivalent to about 11.1 times of the total number of 180,000,000 Placing Shares initially available for subscription under the Placing. Pursuant to the reallocation arrangement set out in the Prospectus, 80,000,000 Shares have been reallocated from the Placing to the Public offer and the remaining 100,000,000 Placing Shares under the Placing (after reallocation) have been conditionally allocated in full.

The Directors have advised that, save as disclosed below, none of the Shares have been placed with the directors, chief executive, management shareholders and substantial shareholders of the Company or any of their respective associates, or parties as stated in Rule 10.12(4) of the GEM Listing Rules, or any nominees of any of the foregoing.

Shenyin Wanguo Trading (H.K.) Limited is an affiliated company of Shenyin Wanguo Capital (H.K.) Limited, one of the Underwriters. Shenyin Wanguo Trading (H.K.) Limited has applied for 8,000,000 Placing Shares and was allotted 600,000 Placing Shares under the Placing. A director of YF Securities Company Limited, one of the sub-placing agents, has applied for 4,000,000 Placing Shares and was allotted 1,050,000 Placing Shares under the Placing. Save as stated herein, none of the Sponsors, the Lead Managers, the Underwriters and their respective affiliated companies has subscribed or taken up any Offer Shares for their own account under the Share Offer.

## REALLOCATION

Pursuant to the reallocation arrangement set out in the Prospectus, 80,000,000 Shares have been reallocated from the Placing to the Public Offer as a result of over-subscription in the Public Offer. As a result of such reallocation, the total number of Shares available under the Placing and the Public Offer amount to 100,000,000 Shares and 100,000,000 Shares respectively, representing 50% and 50% respectively of the total number of Offer Shares offered under the Share Offer. The Public Offer Shares validly applied for on the **WHITE** and **YELLOW** application forms were conditionally allocated on the basis set out in the paragraph headed “Basis of allotment of the Public Offer Shares” below.

## OVER-ALLOTMENT OPTION

Pursuant to the Underwriting Agreement, the Company has granted to Phoenix Capital Securities Limited (on behalf of the Placing Underwriters) the right to exercise the Over-allotment Option at any time from the date of the Prospectus up to 30 calendar days from that date, being 28th May, 2002.

The Over-allotment Option was fully exercised by Phoenix Capital Securities Limited on 3rd May, 2002, pursuant to which 30,000,000 additional new Shares have been allotted and issued for the purpose of settling over-allocations in the Placing on 7th May 2002.

The Shares issued pursuant to the Over-allotment Option represent about 3.61% of the enlarged issued share capital of the Company immediately after the Share Offer and the exercise of the Over-allotment Option.

Pursuant to the Placing and the Over-allotment Option, 130,000,000 Shares have been conditionally allocated to a total of 209 placees. The following table sets out the allocation of the 130,000,000 Shares under the Placing.

	<b>Aggregate number of Shares held under the Placing</b>	<b>Approximate percentage of the Shares under the Placing</b>	<b>Approximate percentage of shareholding immediately after completion of the Share Offer and the exercise of the Over-allotment Option</b>
(i) Top placee	6,130,000	4.72%	0.74%
(ii) Top 5 placees	26,580,000	20.45%	3.20%
(iii) Top 10 placees	47,170,000	36.28%	5.68%
(iv) Top 25 placees	77,840,000	59.88%	9.38%

Allocation of the Placing Shares to professional, institutional and other investors pursuant to the Placing is based on a number of factors including the level and timing of demand, and whether or not it is expected that the relevant investor is likely to buy further Shares, or hold or to sell its Shares, after the listing of the Shares on GEM.

The number of placees and their respective range of shareholding are as follows:

<b>Number of Shares under the Placing</b>	<b>Number of placees</b>	<b>Approximate percentage of shareholding after completion of the Share Offer (note)</b>
10,000 to 50,000	22	0.07%
50,001 to 100,000	31	0.27%
100,001 to 200,000	40	0.68%
200,001 to 500,000	62	2.34%
500,001 to 1,000,000	22	1.89%
1,000,001 to 1,500,000	11	1.76%
1,500,001 to 2,000,000	4	0.80%
2,000,001 to 3,000,000	7	2.17%
3,000,001 to 4,000,000	1	0.45%
4,000,001 to 5,000,000	5	2.58%
5,000,001 to 6,130,000	4	2.65%
<b>Total</b>	<b>209</b>	<b>15.66%</b>

*Note:* The above percentage is calculated based on a total of 230,000,000 Offer Shares consisting 130,000,000 Placing Shares and 100,000,000 Public Offer Shares, taking into account the Shares which have been allotted and issued pursuant to the exercise of the Over-allotment Option.

<b>Name of shareholders</b>	<b>Immediately before the Issue of the Over-allotment Shares %</b>	<b>Immediately after the Issue of the Over-allotment Shares %</b>
<i>Initial Management Shareholders</i>		
Achieve Century	52.10	50.21
Count Wealth	14.90	14.37
<i>Public shareholders</i>		
Eagle Strategy Limited	4.96	4.78
Outshine Co., Ltd.	3.04	2.93
Other public shareholders	25.00	27.71
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

## BASIS OF ALLOTMENT OF THE PUBLIC OFFER SHARES

A total of 100,000,000 Public Offer Shares have been conditionally allotted to 1,302 applicants.

Subject to the fulfilment of the conditions set out in the paragraph headed “Conditions of the Share Offer” in the section headed “Structure of the Share Offer” of the Prospectus, valid applications made by the public on **WHITE** and **YELLOW** application forms will be conditionally allotted on the following basis:

<b>Number of Public Offer Shares applied for</b>	<b>Number of valid applications</b>	<b>Basis of allotment/ballot</b>	<b>Total Public Offer Shares allotted</b>	<b>Approximate percentage of allotment based on the total number of Public Offer Shares applied for</b>
10,000	108	10,000	1,080,000	100.00
20,000	77	10,000 Shares plus 47 out of 77 to receive additional 10,000 Shares	1,240,000	80.52
30,000	58	10,000 Shares plus 50 out of 58 to receive additional 10,000 Shares	1,080,000	62.07
40,000	60	20,000	1,200,000	50.00
50,000	39	20,000	780,000	40.00
60,000	25	20,000	500,000	33.33
70,000	9	20,000	180,000	28.57
80,000	22	20,000	440,000	25.00
90,000	8	20,000	160,000	22.22
100,000	89	20,000	1,780,000	20.00
150,000	35	20,000 Shares plus 9 out of 35 to receive additional 10,000 Shares	790,000	15.05
200,000	49	20,000 Shares plus 16 out of 49 to receive additional 10,000 Shares	1,140,000	11.63
250,000	6	20,000 Shares plus 2 out of 6 to receive additional 10,000 Shares	140,000	9.33
300,000	19	20,000 Shares plus 11 out of 19 to receive additional 10,000 Shares	490,000	8.60
350,000	8	20,000 Shares plus 5 out of 8 to receive additional 10,000 Shares	210,000	7.50
400,000	10	20,000 Shares plus 8 out of 10 to receive additional 10,000 Shares	280,000	7.00

<b>Number of Public Offer Shares applied for</b>	<b>Number of valid applications</b>	<b>Basis of allotment/ballot</b>	<b>Total Public Offer Shares allotted</b>	<b>Approximate percentage of allotment based on the total number of Public Offer Shares applied for</b>
450,000	3	30,000	90,000	6.67
500,000	34	30,000	1,020,000	6.00
600,000	5	30,000	150,000	5.00
700,000	5	30,000 Shares plus 1 out of 5 to receive additional 10,000 Shares	160,000	4.57
800,000	6	30,000 Shares plus 2 out of 6 to receive additional 10,000 Shares	200,000	4.17
900,000	4	30,000 Shares plus 2 out of 4 to receive additional 10,000 Shares	140,000	3.89
1,000,000	47	30,000 Shares plus 26 out of 47 to receive additional 10,000 Shares	1,670,000	3.55
1,500,000	28	30,000 Shares plus 21 out of 28 to receive additional 10,000 Shares	1,050,000	2.50
2,000,000	50	40,000	2,000,000	2.00
2,500,000	16	50,000	800,000	2.00
3,000,000	46	60,000	2,760,000	2.00
3,500,000	7	70,000	490,000	2.00
4,000,000	14	80,000	1,120,000	2.00
4,500,000	2	90,000	180,000	2.00
5,000,000	80	100,000	8,000,000	2.00
6,000,000	84	120,000	10,080,000	2.00
6,500,000	1	130,000	130,000	2.00
7,000,000	6	140,000	840,000	2.00
8,000,000	3	160,000	480,000	2.00
9,000,000	78	160,000 Shares plus 16 out of 78 to receive additional 10,000 Shares	12,640,000	1.80
10,000,000	34	180,000	6,120,000	1.80
11,000,000	2	200,000	400,000	1.82
12,000,000	4	210,000 Shares plus 3 out of 4 to receive additional 10,000 Shares	870,000	1.81
13,000,000	1	230,000	230,000	1.77
13,500,000	3	240,000 Shares plus 1 out of 3 to receive additional 10,000 Shares	730,000	1.80

<b>Number of Public Offer Shares applied for</b>	<b>Number of valid applications</b>	<b>Basis of allotment/ballot</b>	<b>Total Public Offer Shares allotted</b>	<b>Approximate percentage of allotment based on the total number of Public Offer Shares applied for</b>
14,000,000	11	250,000 Shares plus 2 out of 11 to receive additional 10,000 Shares	2,770,000	1.80
15,000,000	11	270,000	2,970,000	1.80
16,000,000	8	280,000 Shares plus 6 out of 8 to receive additional 10,000 Shares	2,300,000	1.80
17,000,000	1	300,000	300,000	1.76
18,000,000	20	310,000	6,200,000	1.72
19,000,000	1	320,000	320,000	1.68
20,000,000	65	320,000 Shares plus 50 out of 65 to receive additional 10,000 Shares	21,300,000	1.64
<b>Total</b>	<b><u>1,302</u></b>		<b><u>100,000,000</u></b>	

The Directors have confirmed that none of the employees of the Group have applied for or allotted any Shares under the Public Offer.

#### **RESULTS OF APPLICATIONS MADE BY CCASS INVESTOR PARTICIPANTS USING YELLOW APPLICATION FORMS**

The following are the results of applications made by CCASS investor participants using **YELLOW** application forms:

<b>H.K. ID Card/Business Registration Number of CCASS investor participants</b>	<b>Number of Public Offer Shares allotted</b>
E091311(5)	10,000
D572408(3)	20,000
K779011(2)	20,000
	<u>50,000</u>



## USE OF PROCEEDS

As set out in the subsection headed “Use of proceeds” in the section headed “Summary” of the Prospectus, the net proceeds from the Share Offer of approximately \$44.9 million (including additional net proceeds of approximately \$8.1 million from the exercise of the Over-allotment Option) will be used for the following purposes:

- as to approximately \$4.60 million for the Group’s geographical expansion;
- as to approximately \$4.36 million for the improvement of existing products and sourcing of new products;
- as to approximately \$8.00 million for the establishment of application analysis and product development capabilities;
- as to approximately \$1.80 million for marketing and brand building;
- as to approximately \$10.00 million for the redemption of the Convertible Notes; and
- as to the remaining balance of approximately \$16.14 million for general working capital to finance the Light Eco instalment scheme.

## COLLECTION/DESPATCH OF SHARE CERTIFICATES AND REFUND CHEQUES

Refund cheques in respect of partially unsuccessful applications and share certificates for wholly and partially successful applications on **WHITE** application forms applying for less than 5,000,000 Public Offer Shares or for 5,000,000 Public Offer Shares or more but have no indication thereon that the applicants wish to collect share certificates and/or refund cheques (if any) in person are expected to be despatched by ordinary post to those entitled to the address on the application form at their own risk on Wednesday, 8th May, 2002. In addition, refund cheques for applications on **YELLOW** application form applying for less than 5,000,000 Public Offer Shares or for 5,000,000 Public Offer Shares or more but have no indication thereon that the applicants wish to collect their refund cheques (if any) in person are expected to be despatched by ordinary post to those entitled to the address on the application form at their own risk on Wednesday, 8th May, 2002.

Applicants who have applied on **WHITE** application forms for 5,000,000 Public Offer Shares or more and have indicated in their application forms their wishes to collect their share certificates and/or refund cheques (if any) in person may collect their share certificates and/or refund cheques (if any) from the Company’s Hong Kong branch share registrar, Tengis Limited at 4th Floor, Hutchison House, 10 Harcourt Road, Central, Hong Kong. Applicants who have applied on **YELLOW** application forms for 5,000,000 Public Offer Shares or more and have indicated in their application forms their wishes to collect refund cheques in person may collect their refund cheques from Tengis Limited at the above address. The time and date for collection of share certificates and/or refund cheques are between 9:00 a.m. to 1:00 p.m. on Wednesday, 8th May, 2002.

Applicants being individuals who opt for personal collection must not authorise any other person to make their collection on their behalf. Applicants being corporations who opt for personal collection must attend by their authorised representatives bearing letters of authorisation from their corporations stamped with the corporations’ chops. Both individuals and authorised representatives (as the case may be) must produce at the time of collection evidence of identity acceptable to Tengis Limited. Any share certificates and refund cheques not collected within the above time and date will be despatched by ordinary post at the applicants’ own risk shortly after the time specified for the collection on the date of despatch.

## DEPOSIT OF SHARE CERTIFICATES INTO CCASS

Applicants applying as CCASS investor participants should check against the result published herein and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 8th May, 2002. For wholly or partially successful applicants using the **YELLOW** application forms who are allotted Public Offer Shares in the name of HKSCC Nominees Limited, the allotted Public Offer Shares will be deposited directly into CCASS for credit to their investor participant's stock accounts or their designated CCASS participant stock accounts as instructed by the applicants at the close of business on Wednesday, 8th May, 2002 or, under contingent situation, on any other date as shall be determined by HKSCC or HKSCC Nominees Limited. Applicants can check the number of Public Offer Shares allocated to them with their designated CCASS participants if they are applying through designated CCASS participants, or via the "CCASS Phone System" or the CCASS Internet System on Thursday, 9th May, 2002 (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time), if they are applying as CCASS investor participants. HKSCC will also mail to applicants applying as CCASS investor participants activity statements showing the number of Public Offer Shares credited to their investor participant stock accounts.

## MINIMUM PUBLIC FLOAT REQUIREMENT

**Investors should be aware that the concentration of shareholders might affect the liquidity of the Shares in the secondary market. Consequently, shareholders and potential investors are advised to exercise extreme caution in the dealing with the Shares.**

The Company has to ensure that 25% of the issued share capital of the Company is held by the public in accordance with the GEM Listing Rules. Immediately after completion of the Share Offer and the exercise of the Over-allotment Option, about 35.42% of the issued share capital of the Company will be in the public hands.

## COMMENCEMENT OF DEALINGS

Dealings in the Shares on GEM are expected to commence at 9:30 a.m. on Friday, 10th May, 2002.

By order of the Board  
**Grandy Applied Environmental Technology Corporation**  
**Mr. Tsui Tai Hoi, Raymond**  
*Chairman*

Hong Kong, 7th May, 2002

*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, the information contained in this announcement is accurate and complete in all material respects and is not misleading; there are no other matters the omission of which would make any statement in this announcement misleading; and 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 appear on the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from the date of this posting.*