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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)

**DISPOSAL OF SHAREHOLDING IN THE COMPANY
BY A SUBSTANTIAL SHAREHOLDER
AND
RESIGNATION OF NON-EXECUTIVE DIRECTOR**

The Board announces that it has been informed by Count Wealth on 14 May 2003 that it has entered into the Agreement on 13 May 2003 to sell 119,229,995 Shares in the Company, representing approximately 13.68% of the issued share capital of the Company, to Top Accurate. Completion of the Agreement took place on 13 May 2003 following the Share Transfer.

Immediately after completion of the Agreement, Mr Kong Li Szu has resigned as a non-executive director of the Company.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 15 May 2003 pending the issue of this announcement. 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 19 May 2003.

THE DISPOSAL OF SHARES

The board of directors (the “Board”) of Grandy Applied Environmental Technology Corporation (the “Company”) announces that on 14 May 2003 it has been informed by Count Wealth Investments Limited (“Count Wealth”), a substantial shareholder of the Company that it has entered into a sale and purchase agreement (the “Agreement”) dated 13 May 2003 to sell 119,229,995 shares (the “Sale Shares”) of HK\$0.01 each in the share capital of the Company (the “Shares”), representing approximately 13.68% of the issued share capital of the Company, to Top Accurate Limited (“Top Accurate”). The total consideration paid by Top Accurate for the Sale Shares amounted to HK\$3,629,399.85, representing approximately HK\$0.03 per Sale Share, and a discount of approximately 36.17% over the closing price of the Shares of HK\$0.047 each as quoted on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 13 May 2003. The Board has been informed by Count Wealth that the consideration has been determined by both parties after arm’s length negotiation. The 12 months’ lock-up period of the Sale Shares (i.e. from 10 May 2002 to 10 May 2003) has expired on 10 May 2003. Completion of the Agreement took place on 13 May 2003 immediately after the Sale Shares had been transferred from Count Wealth to Top Accurate (the “Share Transfer”). Subsequently, Count Wealth has no interests in any Share.

* *For identification purpose only*

Count Wealth is an indirect wholly-owned subsidiary of Kong Sun Holdings Limited, whose shares are listed on the main board of the Stock Exchange. Mr Kong Li Szu representing Count Wealth served on the Board. Kong Sun Holdings Limited and its subsidiaries are principally engaged in property development and investments. Considering the environmental protection industry is not substantial to its main business, Kong Sun Holdings Limited decided to dispose of its investment in the Company and retain its focus in the property sector.

Top Accurate is a company incorporated in the British Virgin Islands and wholly beneficially owned by Mr Albert Ma (“Mr Ma”). Top Accurate is principally engaged in investment holding business. Prior to the Share Transfer, Top Accurate and Mr Ma were not beneficially interested in any Shares. Neither Top Accurate nor Mr Ma is connected with the directors, chief executive, substantial shareholders, management shareholders of the Company or any of its subsidiaries or any of their respective associates (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange).

Achieve Century Limited, the controlling shareholder of the Company, and parties acting in concert with it (as defined in the Hong Kong Code on Takeovers and Mergers (the “Takeovers Code”) are independent of and not acting in concert with Mr Ma and parties acting in concert with him. As Mr Ma and parties acting in concert with him (as defined in the Takeovers Code) are beneficially interested in less than 30% of the issued share capital of the Company following the Share Transfer, there is no obligation under Rule 26 of the Takeovers Code on the part of Mr Ma to make a general offer for all the Shares not held by Mr Ma and parties acting in concert with him as at the date of this announcement.

Shareholding in the Company before the Share Transfer:

Achieve Century Limited:	47.81%
Count Wealth:	13.68%
Public:	38.51%

Shareholding in the Company after the Share Transfer:

Achieve Century Limited:	47.81%
Top Accurate:	13.68%
Public:	38.51%

RESIGNATION OF NON-EXECUTIVE DIRECTOR

As a result of the Share Transfer, Mr Kong Li Szu, nominated by Count Wealth, has resigned as a non-executive director of the Company with effect from 13 May 2003. Mr Kong Li Szu has confirmed that there are no circumstances connected with his resignation which he considers should be brought to the attention of the Stock Exchange.

The Agreement does not confer any rights to Top Accurate to nominate any directors to the Board. As at the date of this announcement, the Board has not received any request for nomination of directors from Top Accurate.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 15 May 2003 pending the issue of this announcement. 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 19 May 2003.

On behalf of the Board
Grandy Applied Environmental Technology Corporation
Tsui Tai Hoi Raymond
Managing Director

Hong Kong, 16 May 2003

This announcement, for which the directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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.

The announcement will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.