

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



GRANDY APPLIED ENVIRONMENTAL TECHNOLOGY CORPORATION
泓迪應用環保科技有限公司*

(Proposed to be renamed as “Grandy Corporation (泓迪有限公司)”
(incorporated in the Cayman Islands with limited liability)*

PROPOSED CANCELLATION OF OPTIONS GRANTED

AND

PROPOSED CHANGE OF COMPANY NAME

CANCELLATION OF OPTIONS GRANTED

The Directors propose, subject to the passing of an ordinary resolution by the Shareholders in general meeting and the consent of the Optionholders, to cancel the outstanding options which entitle the holders thereof to subscribe for up to an aggregate of 84,745,000 Shares.

CHANGE OF COMPANY NAME

The Directors also propose, subject to the passing of a special resolution by the Shareholders in general meeting and the approval of the Registrar of Companies in the Cayman Islands having been obtained, to change the English name of the Company from “Grandy Applied Environmental Technology Corporation” to “Grandy Corporation”. Accordingly, the Chinese translation of the Company’s name “泓迪應用環保科技有限公司”, for the purpose of identification only, will be changed to “泓迪有限公司” once the approval of the Registrar of Companies in the Cayman Islands has been obtained.

CANCELLATION OF OPTIONS GRANTED

The directors (the “Directors”) of Grandy Applied Environmental Technology Corporation (the “Company”) propose, subject to the consent of the relevant holders of the options (the “Optionholders”) granted under the Pre-IPO Share Option Scheme and Share Option Scheme (collectively, the “Schemes”), both adopted by the Company on 20 April 2002, to surrender the relevant outstanding options to the Company for cancellation, to cancel the outstanding options which entitle the holders thereof to subscribe for up to an aggregate of 84,745,000 shares in the

* For identification purpose only

capital of the Company (the “Shares”) until 9 May 2012 previously granted to the Optionholders including Directors, employees and consultants of the Company and its subsidiaries. As at the date of this announcement, the Company has not entered into any agreement with the Optionholders in respect of the cancellation of the outstanding options. The exercise price of the outstanding options to subscribe for 77,600,000 Shares and 7,145,000 Shares is HK\$0.14 per Share and HK\$0.18 per Share under the Pre-IPO Share Option Scheme and Share Option Scheme respectively.

The Directors consider that the cancellation of the outstanding options would mitigate the dilution effect of the exercise of options on the interests of the shareholders of the Company (the “Shareholders”) and therefore, such cancellation is in the best interests of the Company and its Shareholders as a whole.

In accordance with Clause 14(A) of Pre-IPO Share Option Scheme and Clause 14.01 of the Share Option Scheme, the cancellation of the outstanding options will require the approval by the Shareholders in general meeting on a poll with the Optionholders and their respective associates (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited) abstaining from voting. Those abstaining include Tsui Tai Hoi Raymond, Yeung Kam Yan, Leung Chi Kin, Hoang Tan Van George, Chan Hon Chiu, To Hang Ming, Yu Chai Mei, Mio Kwok Man, Wong Chun Kit, Chris Phillips, Wong Miu Fan, Au Wai Leung, Yeung Lam Lung and Union Bright Investments Ltd. Insofar as the Company is aware or has been notified, they are interested in 417,129,983 Shares in aggregate, representing approximately 36% of the issued share capital of the Company. Should the Company re-issue new options to the same Optionholders, the issue of such new options may only be made under a share option scheme with available unissued options (excluding the cancelled options) within the limit approved by Shareholders. Pursuant to the Share Option Scheme, the total number of the Shares in respect of which the options may be granted shall not exceed 10% of the total number of Shares in issue as at the listing date of the Shares (i.e. 10 May 2002) but must not exceed 80,000,000 Shares in aggregate. As at the date of this announcement, the Share Option Scheme has available unissued options to subscribe for 72,850,000 Shares taking into account an option to subscribe for 7,150,000 Shares having been granted in July 2002.

CHANGE OF COMPANY NAME

The Directors also propose, subject to the passing of a special resolution by the Shareholders at the Extraordinary General Meeting, to change the English name of the Company from “Grandy Applied Environmental Technology Corporation” to “Grandy Corporation”.

The Directors consider that a simple company name would enhance “Grandy” as a corporate identity to investors and build an easy-to-remember brand name for its customers. The Company does not have any intention to change its general character, nature of business and business objectives as stated in its prospectuses dated 29 April 2002, except that the Company may make necessary adjustments in light of the ever-changing business environment. The change of company name does not have any implication of the change of control of the Company.

The proposed change of the Company name is conditional, and become effective upon the passing of a special resolution by the Shareholders in general meeting in connection therewith. Upon the new company name becoming effective, the Company will obtain the approval of the Registrar of Companies in the Cayman Islands.

The Chinese translation of the Company name “泓迪應用環保科技有限公司”, for the purpose of identification only, will be changed to “泓迪有限公司” once the approval of the Registrar of Companies in the Cayman Islands having been obtained.

The change of name of the Company will not affect the rights of the Shareholders. All existing share certificates in issue bearing the former English name of the Company will, on and after the change of name of the Company, continue to be evidence of title to the Shares and shall be valid for trading, settlement and registration purposes. Subject to the approval of the Registrar of Companies in the Cayman Islands, all share certificates of the Company will be issued under the new English name of the Company.

There will not be any free exchange of share certificates to replace the share certificates bearing the Company’s former English name with the new share certificates bearing the new English name. Should any Shareholders desire to exchange their existing share certificates for share certificates in the new English name of the Company, they may do so on payment of a fee of HK\$2.5 for each new certificate (or such higher amount as may from time to time be allowed by The Stock Exchange of Hong Kong Limited) and lodgment of the existing share certificates with the Company’s share registrar in Hong Kong, Tengis Limited, at G/F, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.

GENERAL

An extraordinary general meeting of the Company will be held to approve the cancellation of options granted and the change of Company name by passing an ordinary resolution and a special resolution respectively.

A circular containing the details of, inter alia, the cancellation of options granted, the change of Company name and a notice convening an extraordinary general meeting will be despatched to the Shareholders as soon as possible. Further announcement will be made by the Company after the extraordinary general meeting.

By order of the Board
Grandy Applied Environmental Technology Corporation
Tsui Tai Hoi Raymond
Managing Director

Hong Kong, 4 December 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 (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this announcement misleading; and (iii) 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 for at least 7 days from the date of its posting and on the Company’s website at www.grandy.com.hk