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## **THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Grandy Corporation (the “**Company**”), you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, 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 circular.

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### **GRANDY CORPORATION**

**泓迪有限公司\***

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

(Stock Code: 8143)

## **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

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A notice convening an extraordinary general meeting of the Company to be held at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 30 September 2004, at 10:00 a.m. is set out on pages 5 to 9 of this circular.

A form of proxy for use at the extraordinary general meeting is enclosed with this circular. Whether or not you are able to attend the extraordinary general meeting of the Company, you are requested to complete the accompanying form of proxy, in accordance with the instructions printed thereon and deposit the same at the principal place of business of the Company in Hong Kong at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the extraordinary general meeting or any adjournment thereof should you so wish.

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

6 September 2004

\* for identification purpose only

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## CHARACTERISTICS OF GEM

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GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. GEM-listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at [www.hkgem.com](http://www.hkgem.com) in order to obtain up-to-date information on GEM-listed issuers.

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:*

“Articles of Association”	the articles of association of the Company
“associate”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Grandy Corporation, an exempted company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, to approve, among other things, the proposed amendments to the Articles of Association
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



**GRANDY CORPORATION**  
**泓迪有限公司\***

*(incorporated in the Cayman Islands with limited liability)*  
(Stock Code: 8143)

*Executive Directors:*

Mr. Chan Hon Chiu  
Mr. Yeung Kam Yan

*Independent non-executive Directors:*

Mr. Hsu Shiu Foo William  
Mr. Yu Chai Mei

*Registered office:*

Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681 GT  
George Town  
Grand Cayman  
British West Indies

*Head office and principal place  
of business in Hong Kong:*

10/F., Luk Kwok Centre  
72 Gloucester Road  
Wanchai  
Hong Kong

6 September 2004

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

**INTRODUCTION**

At the forthcoming EGM, a special resolution will be proposed to seek the Shareholders' approval for the amendments to the Articles of Association.

The purpose of this circular is to provide you with information relating to the resolution to be proposed at the EGM for the proposed amendments to the Articles of Association and the notice of the EGM.

\* For identification purpose only

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## LETTER FROM THE BOARD

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### AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Stock Exchange has announced amendments to the GEM Listing Rules relating to, among other things, the articles of association or equivalent constitutional documents of GEM-listed issuers. The amendments to the GEM Listing Rules have come into effect on 31 March 2004. Accordingly, the Directors propose to seek the approval of the Shareholders for the amendments to the Articles of Association to ensure compliance with the amendments made to the GEM Listing Rules.

The Directors propose to seek the approval of the Shareholders for, among other things, the following amendments to the Articles of Association:

- (i) Article 66 shall be amended to the effect that where any Shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted;
- (ii) Article 88 shall be amended to the effect that the minimum length of the period during which the notice of intention to propose a person for election as a Director and the notice of the person to be proposed of his willingness to be elected are given shall be at least seven days and that the period for lodgment of the aforesaid notice(s) shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting; and
- (iii) Article 103 shall be amended to the effect that Directors shall abstain from voting on any Board resolution approving any matter in which he or any of his associates has a material interest and shall not be counted towards the quorum of the meeting.

With the repeal of the Securities and Futures (Clearing Houses) Ordinance and the coming into effect of the Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong) on 1 April 2003, it is proposed that the definition of "clearing house" in Article 2 of the Articles of Association shall be amended such that reference to the Securities and Futures (Clearing Houses) Ordinance shall be deleted.

### EGM

A notice convening the EGM to be held at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 30 September 2004 at 10:00 a.m. is set out on pages 5 to 9 of this circular. A special resolution will be proposed at the EGM to approve the proposed amendments to the Articles of Association. No Shareholders are required to abstain from voting at the EGM.

A form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the GEM website at [www.hkgem.com](http://www.hkgem.com). Whether or not you are able to attend the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and deposit the same at the principal place of business of the Company in Hong Kong at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

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## LETTER FROM THE BOARD

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### PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING

According to Article 66 of the Articles of Association, a resolution put to the vote of a meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all Shareholders having the right to vote at the meeting; or
- (d) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorised representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

### RECOMMENDATION

The Directors consider the proposed amendments to the Articles of Association are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the relevant resolution to be proposed at the EGM.

Yours faithfully  
For and on behalf of the Board  
**Grandy Corporation**  
**Chan Hon Chiu**  
*Executive Director*



**GRANDY CORPORATION**

**泓迪有限公司\***

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

(Stock Code: 8143)

**NOTICE OF EXTRAORDINARY GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting of Grandy Corporation (the “**Company**”) will be held at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Thursday, 30 September 2004 at 10:00 a.m. for the purpose of considering and, if thought fit, passing the following resolution as a special resolution:

**SPECIAL RESOLUTION**

“**THAT** the articles of association (the “**Articles of Association**”) of the Company be and are hereby amended in the following manner:

**(a) Article 2(1)**

- (i) by inserting the following new definition of “associate” in Article 2(1):

““associate” the meaning attributed to it in the rules of the Designated Stock Exchange.”;

- (ii) by deleting the words “a recognised clearing house within the meaning of Section 2 of the Securities and Futures (Clearing Houses) Ordinance of Hong Kong or” in the definition of “clearing house”;

**(b) Article 66**

by re-numbering the existing Article 66 as Article 66(1) and inserting the following new Article 66(2) immediately after the new Article 66(1):

“66.(2) Where the Company has knowledge that any Member is, under the rules of the Designated Stock Exchange, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Member in contravention of such requirement or restriction shall not be counted.”;

\* for identification purpose only



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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**(c) Article 88**

by deleting the words “not less than seven (7) clear days but not more than fourteen (14) clear days before the date of the general meeting” in the last sentence of Article 88 and substituting therefor the following provision:

“provided that the minimum length of the period, during which such Notices are given, shall be at least seven (7) days and that the period for lodgment of such Notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.”;

**(d) Article 103**

by deleting the existing Article 103 in its entirety and substituting therefor a new Article 103 as follows:

“103. (1) A Director shall not vote (nor be counted in the quorum) on any resolution of the Board approving any contract or arrangement or any other proposal in which he or any of his associate(s) is materially interested, and if he shall do so his vote shall not be counted (nor is he to be counted in the quorum present at the meeting) but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving to such Director or his associate(s) any security or indemnity in respect of money lent by him or any of his associate(s) or obligations incurred or undertaken by him or any of his associate(s) at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/ themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the Director or his associate(s) is/ are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (v) any contract or arrangement concerning any other company in which the Director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or a shareholder or in which the Director and any of his associate(s) are not in aggregate beneficially interested in five (5) per cent. or more of the issued shares or of the voting rights of any class of shares of such company (or of any third company through which his interest or that of any of his associate(s) is derived); or
  - (vi) any proposal or arrangement concerning the adoption, modification, or operation of a share option scheme, a pension fund or retirement, death or disability benefits scheme or other arrangement which relates both to directors, his associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates.
- (2) A company shall be deemed to be a company in which a Director and/or his associate(s) own(s) five (5) per cent. or more if and so long as (but only if and so long as) he and/or his associates, (either directly or indirectly) is/are the holder(s) of or beneficially interested in five (5) per cent. or more of any class of the equity share capital of such company or of the voting rights available to members of such company (or of any third company through which his interest or that of any of his associates is derived). For the purpose of this paragraph there shall be disregarded any shares held by a Director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the Director and/or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director and/or his associate(s) is/are interested only as a unit holder.
- (3) Where a company in which a Director and/or his associate(s) hold(s) five (5) per cent. or more of its issued share capital is materially interested in a transaction, then that Director and/or his associate(s) shall also be deemed materially interested in such transaction.
- (4) If any question shall arise at any meeting of the Board as to the materiality of the interest of a Director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any Director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not being counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other Director shall be final and conclusive except in a case where the nature or extent of the interest of the Director and/or his associate(s)

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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concerned as known to such Director has not been fairly disclosed to the Board. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the Board (for which purpose such chairman shall not be counted in the quorum and shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the Board.”

**(e) Article 152**

by inserting the words “together with the notice of the general meeting” immediately after the words “at least twenty-one (21) days before the date of the general meeting” .

**(f) Article 155**

(i) by deleting the words “Members appoint another auditor” and substituting therefor the words “next annual general meeting” in the third line of the existing Article 155(1); and

(ii) by deleting the existing Article 155(2) in its entirety and re-numbering the existing Article 155(3) as Article 155(2).

**(g) Article 158**

by deleting the words “as soon as practicable convene an extraordinary general meeting to” on the third and fourth lines of the existing Article 158 and by inserting the words “and fix the remuneration of the Auditor so appointed” after the words “fill the vacancy” at the end of the existing Article 158.

By order of the Board  
**Grandy Corporation**  
**Chan Hon Chiu**  
*Executive Director*

Hong Kong, 6 September 2004

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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*Registered office:*

Century Yard  
Cricket Square  
Hutchins Drive  
P.O. Box 2681 GT  
George Town  
Grand Cayman  
British West Indies

*Head office and principal place of*

*business in Hong Kong:*  
10/F., Luk Kwok Centre  
72 Gloucester Road  
Wanchai  
Hong Kong

*Notes:*

1. A member entitled to attend and vote at the extraordinary general meeting convened by the above notice is entitled to appoint one or more proxy to attend and, subject to the provisions of the Articles of Association, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the extraordinary general meeting to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the extraordinary general meeting is enclosed. Such form of proxy is also published on the GEM website at [www.hkgem.com](http://www.hkgem.com). In order to be valid, the form of proxy must be duly completed and signed in accordance with the instructions printed thereon and deposited together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, at the principal place of business of the Company in Hong Kong at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding the extraordinary general meeting or any adjournment thereof. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the extraordinary general meeting or any adjournment thereof, should he so wish.
3. In the case of joint holders of shares, any one of such holders may vote at the extraordinary general meeting, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holders are present at the extraordinary general meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.