

*This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities.*

*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 Corporation**

**泓迪有限公司\***

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

**(Stock Code: 8143)**

**SUBSCRIPTION OF NEW SHARES  
AND  
RESUMPTION OF TRADING**

On 18 January 2005, the Company entered into the Subscription Agreement with the Subscriber pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 231,730,000 Shares in cash at the Subscription Price of HK\$0.036 per Subscription Share.

The Subscription Price represents (i) a premium of approximately 5.88% over the closing price of HK\$0.034 per Share as quoted on the Stock Exchange on 18 January 2005, being the last trading day before the date of this announcement; and (ii) a premium of approximately 0.56% over the average closing price of approximately HK\$0.0358 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 18 January 2005. The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber, taking into account of the recent trading performance of the Shares. The Directors consider that the Subscription Price is fair and reasonable so far as the Shareholders as a whole are concerned.

The Subscription Shares represent approximately 20.00% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. The net proceeds of the Subscription of about HK\$8.2 million will be applied towards the Group's future investment in environmental related projects in the PRC and/or general working capital of the Group.

\* *for identification purpose only*

Immediately after completion of the Subscription, the Subscriber will become a substantial Shareholder holding approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares. It is intended that Mr. Yung be appointed as a Director as soon as possible following completion of the Subscription.

Trading in Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 19 January 2005 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in Shares at 9:30 a.m. on 21 January 2005.

## **SUBSCRIPTION AGREEMENT**

On 18 January 2005, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 231,730,000 Shares in cash at a Subscription Price of HK\$0.036 per Subscription Share.

### **The Subscriber**

Easeglory Holdings Limited. Each of the Subscriber and Mr. Yung, its ultimate beneficial owner is an independent third party not connected persons (as defined under the GEM Listing Rules) of the Company and not parties acting in concert (as defined under the Takeovers Code) with any of the directors, chief executive and other shareholders of the Company or its subsidiaries or any of their respective associates.

### **Number of Subscription Shares**

The Subscription Shares represent approximately 20.00% of the existing issued share capital of the Company and approximately 16.67% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares.

### **Subscription Price**

The Subscription Price of HK\$0.036 per Subscription Share represents:

- (i) a premium of approximately 5.88% over the closing price of HK\$0.034 per Share as quoted on the Stock Exchange on 18 January 2005, being the last trading day before the date of this announcement; and
- (ii) a premium of approximately 0.56% over the average closing price of approximately HK\$0.0358 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 18 January 2005.

The net Subscription Price, after deduction of relevant expenses, is approximately HK\$0.0354 per Subscription Share.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the recent trading performance of the Shares. The Directors consider that the Subscription Price and the terms of the Subscription Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## **Rights**

The Subscription Shares, when allotted and issued, will rank equally in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Subscription Shares.

## **Mandate to issue the Subscription Shares**

The Subscription Shares will be allotted and issued pursuant to the General Mandate. The Company has not allotted and issued any Shares pursuant to the General Mandate and the General Mandate is sufficient for the allotment and issue of the Subscription Shares. The Company has not repurchased any Shares within the last 30 days prior to the date of this announcement.

## **Condition of the Subscription**

The Subscription is conditional upon the GEM Listing Committee granting or agreeing to grant the listing of, and permission to deal in, the Subscription Shares.

In the event that the condition of the Subscription is not fulfilled on or before 31 January 2005 or such other date as may be agreed between the parties to the Subscription Agreement, the Subscription Agreement shall cease and determine and neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription Agreement.

## **Completion of the Subscription**

Completion of the Subscription will take place on the next business day after the condition of the Subscription is fulfilled (or such other date as may be agreed between the parties). It is intended that Mr. Yung be appointed as a Director as soon as possible following completion of the Subscription. Other than Mr. Yung being appointed as a Director following the completion of the Subscription, there will not be any changes in the composition of the board of Directors as a result of the Subscription.

## **Application for listing**

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

## **REASONS FOR THE SUBSCRIPTION AGREEMENT**

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

By entering into the Subscription Agreement, the Group can raise capital for the Group to further strengthen its financial position. Mr. Yung has been engaged in the manufacture, sale and distribution of environmental-related raw materials and related products, such as melamine materials and household wares, as well as other business areas in the PRC market for over 20 years. Mr. Yung has a wide distribution network and connections in the PRC, in particular, the Fujian province and the Southern China region. By means of Mr. Yung's experience and connections in the PRC market, the Group expects that the introduction of Mr. Yung as a strategic investor and appointment as Director will be beneficial to

the Group in expanding and penetrating its products and services into the PRC market. The gross proceeds of the Subscription is approximately HK\$8.3 million. The net proceeds of the Subscription of approximately HK\$8.2 million will be applied towards the Group's future investment in environmental related projects in the PRC and/or the Group's general working capital. As there are no concrete plans at present, the Directors cannot ascertain the exact allocation of the net proceeds towards the amount of future investment in environmental related projects in the PRC and working capital. However, it is expected that a major portion of the net proceeds will be applied towards future investment and the balance as working capital.

The Directors consider that the Subscription Agreement is entered into upon normal commercial terms following arm's length negotiations between the Company and the Subscriber and that the terms of the Subscription Agreement are fair and reasonable so far as the interests of the Company and the Shareholders as a whole are concerned.

The Company has not conducted any fund raising activities during the 12-month period immediately preceding the date of this announcement.

## CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company as a result of the Subscription are as follows:

Shareholders	At the date of this announcement and immediately before completion of the Subscription		Immediately after completion of the Subscription	
	No. of Shares	Approximate percentage	No. of Shares	Approximate percentage
Key Engineering Co., Ltd. (Note 1)	347,000,000	29.95	347,000,000	24.96
Top Rainbow Ltd. (Note 2)	224,506,294	19.38	224,506,294	16.15
Top Accurate Limited (Note 3)	59,229,995	5.11	59,229,995	4.26
Yeung Kam Yan (Note 4)	25,976,186	2.24	25,976,186	1.87
Chan Hon Chiu (Note 4)	20,783,993	1.79	20,783,993	1.49
The Subscriber	—	—	231,730,000	16.67
Public	481,175,199	41.53	481,175,199	34.60
Total	<u>1,158,671,667</u>	<u>100</u>	<u>1,390,401,667</u>	<u>100</u>

Note:

1. Key Engineering Co., Ltd. is a company incorporated in the Republic of Korea and the issued shares of which are listed and traded on the KOSDAQ in the Republic of Korea.
2. The entire issued share capital of Top Rainbow Ltd. is owned by Mr. Yang Pei Gen.
3. The entire issued share capital of Top Accurate Limited is owned by Mr. Ma She Shing, Albert.
4. Mr. Yeung Kam Yan and Mr. Chan Hon Chiu are executive Directors.

## RESUMPTION OF TRADING

Trading in Shares on the Stock Exchange was suspended at the request of the Company from 9:30 a.m. on 19 January 2005 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in Shares at 9:30 a.m. on 21 January 2005.

## DEFINITIONS

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

“associates”	has the meaning ascribed to this term under the GEM Listing Rules
“Board”	the board of Directors
“Company”	Grandy Corporation, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM
“Directors”	directors (including the independent non-executive directors) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the general mandate granted to the Directors to allot, issue and deal with Shares at the annual general meeting of the Company held on 30 September 2004
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Mr. Yung”	Mr. Yung Kwok Leong, the ultimate beneficial owner of the entire issued share capital of the Subscriber
“PRC”	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)
“Subscriber”	Easeglory Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, the entire issued share capital of which is owned by Mr. Yung
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement

“Subscription Agreement”	the agreement dated 18 January 2005 and entered into between the Company and the Subscriber in respect of the Subscription
“Subscription Price”	the subscription price of HK\$0.036 per Subscription Share
“Subscription Shares”	an aggregate of 231,730,000 Shares to be subscribed by the Subscriber pursuant to the Subscription Agreement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong
“%”	per cent.

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

Hong Kong, 20 January 2005

*As at the date of this announcement, the executive Directors are Mr. Chan Hon Chiu and Mr. Yeung Kam Yan. The independent non-executive Directors are Mr. Hsu Shiu Foo, William, Mr. Yu Chai Mei and Mr. Chan Ping Kuen, Francis.*

*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 Group. 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 “Latest Company Announcements” page of the GEM website 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).*