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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 a stockbroker or other registered dealer in securities, 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 to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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**Grandy Corporation**  
**泓迪有限公司\***

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

**(Stock code: 8143)**

**PROPOSED GENERAL MANDATES TO ISSUE  
NEW SHARES AND REPURCHASE SHARES,  
PROPOSED REFRESHMENT OF SHARE OPTION SCHEME LIMIT,  
APPOINTMENT OF AUDITORS,  
PROPOSED RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of the Company to be held at Room 1902, 19/F., Sing Pao Building, No. 101 King’s Road, North Point, Hong Kong on Friday, 29 July 2005 at 11:00 a.m. (the “Annual General Meeting”) is set out on page 16 to 20 of this circular.

A form of proxy for the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the Annual General Meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return the same to the principal place of business of the Company at Room 1902, 19/F, Sing Pao Building, No. 101 King’s Road, North Point, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the annual general meeting. Completion and delivery of the enclosed form of proxy will not preclude you from attending and voting at the meeting should you wish.

This circular will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) for at least 7 days from the date of its posting and the website of the Company at [www.grandy.com.hk](http://www.grandy.com.hk).

## CHARACTERISTICS OF GEM

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. 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

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

“Annual General Meeting”	the annual general meeting of the shareholders of the Company to be held at Room 1902, 19/F., Sing Pao Building, No. 101 King’s Road, North Point, Hong Kong on Friday, 29 July 2005, at 11:00 a.m., a notice of which is set out on pages 16 to 20 of this circular
“Articles of Association”	articles of association of the Company adopted pursuant to the written resolutions of the Shareholders passed on 20 April 2002; and company name changed pursuant to a special resolution passed on 9 January 2004; and certain articles amended pursuant to a special resolution passed on 30 September 2004
“Board”	the board of Directors
“Company”	Grandy Corporation, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on GEM of the Stock Exchange
“Deloitte”	Messers. Deloitte Touche Tohmatsu, the auditors of the Company and its subsidiaries who resigned on 6 May 2005
“Director(s)”	the director(s) of the Company
“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
“Latest Practicable Date”	27 June 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Option(s)”	a right/rights granted to subscribe for shares pursuant to the Share Option Scheme

## DEFINITIONS

“Participants”	(i) employees of the Company (whether full-time or part time) or any of its subsidiaries or associated companies; (ii) directors (whether executive directors or non-executive directors or independent non-executive directors) of the Company or any of its subsidiaries or associated companies; (iii) suppliers of goods and/ or services to the Company or any of its subsidiaries or associated; (iv) customers of the Company or any of its subsidiaries or associated companies; (v) customers of the Company or any of its subsidiaries or associated companies; any person or entity that provides research, development or other technological support to the Company or any of its subsidiaries or associated companies; and (vi) any shareholder of any member of the Group or any of its subsidiaries or associated companies or any holder of any securities issued by any member of the Group or any of its subsidiaries or associated companies
“Repurchase Mandate”	a general and unconditional mandate to the Directors to exercise all powers of the Company to repurchase Shares up to a maximum of 10% of the issued share capital of the Company as at the date of passing the relevant resolution granting such mandate
“Scheme Mandate Limit”	the number of Shares which may be issued upon exercise of all Options of the Company which shall not in aggregate exceed 10% of the Shares in issue as at the date of adoption of the Share Option Scheme or of the refreshment of such limit
“SFO”	the Hong Kong Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share Option Schemes”	the share option schemes conditionally approved and adopted by the Company on 20 April 2002
“Share Consolidation”	the consolidation of every five shares of HK\$0.01 each in the issued and unissued share capital of the Company into one consolidated Share of HK\$0.05 in the issued and unissued share capital of the Company (which was approved by the shareholders at the extraordinary general meeting held on 11 May 2005)
“Shareholder(s)”	holder/holders of the Shares

## DEFINITIONS

“Shares”	ordinary shares of HK\$0.05 each in the issued and unissued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

LETTER FROM THE BOARD



**Grandy Corporation**  
**泓迪有限公司\***

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

**(Stock code: 8143)**

*Executive Directors:*

Mr. Yung Kwok Leong  
Mr. Chan Hon Chiu  
Mr. Yeung Kam Yan

*Independent non-executive Directors:*

Mr. Chan Ping Kuen, Francis  
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:*

Room 1902, 19/F.  
Sing Pao Building  
No. 101, King's Road  
North Point, Hong Kong

30 June 2005

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED GENERAL MANDATES TO ISSUE  
NEW SHARES AND REPURCHASE SHARES,  
PROPOSED REFRESHMENT OF SHARE OPTION SCHEME LIMIT,  
APPOINTMENT OF AUDITORS,  
PROPOSED RE-ELECTION OF DIRECTORS  
AND  
NOTICE OF ANNUAL GENERAL MEETING**

**A. INTRODUCTION**

The purpose of this circular is to provide you with information regarding certain ordinary resolutions to be proposed at the forthcoming annual general meeting of the Company to be held on 29 July 2005 (the "Annual General Meeting") including but not limited to (i) ordinary resolutions relating to the granting to the Directors general mandates for the issue of Shares and the repurchase of its Shares; (ii) ordinary resolution relating to the re-election of the retiring Directors; (iii) ordinary resolution relating to the approval of refreshment of the 10% limit on grant of options under the Share Option Scheme; and (iv) ordinary resolution to rectify the appointment of auditors and authorise the board of directors to fix their remuneration.

\* for identification purposes only

## LETTER FROM THE BOARD

### **B. PROPOSED GENERAL MANDATES TO ISSUE AND REPURCHASE SHARES**

At the Annual General Meeting, an ordinary resolution will be proposed that the Directors be given a general mandate to allot, issue and deal with Shares up to a limit equal to 20% of the issued share capital of the Company at the date of passing of such resolution. Another ordinary resolution will be proposed to increase limit of this 20% by the amount of any Shares repurchased by the Company up to a maximum of 10% of the issued share capital of the Company at the date of passing of the relevant resolution.

As at the Latest Practicable Date, the issued Shares of the Company was 278,080,333. Assuming no Shares are being repurchased or issued before the date of passing of the ordinary resolution giving a general mandate to issue new Shares of the Company, the maximum number of Shares to be issued is 55,616,066 Shares.

At the Annual General Meeting, an ordinary resolution will be proposed to grant to the Directors a general mandate to repurchase its own Shares on GEM. Under such mandate, the number of shares that the Company may repurchase shall not exceed 10% of the issued share capital of the Company in issue on the date of passing of the relevant resolution.

As at the Latest Practicable Date, the issued Shares of the Company was 278,080,333. Assuming no shares are being repurchased or issued before the date of passing of the ordinary resolution giving a general mandate to repurchase Shares, the maximum number of Shares to be repurchased is 27,808,033 Shares.

Each of the general mandates would continue in force until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by any applicable law of the Cayman Islands or the Articles of Association to be held; or
- (c) the date on which any such mandate is revoked or varied by an ordinary resolution of the Shareholders in a general meeting.

### **C. EXPLANATORY STATEMENT**

An explanatory statement containing all relevant information relating to the Repurchase Mandate and pursuant to the GEM Listing Rules, in particular Rule 13.08, is set out in the Appendix One to this circular. The information in the explanatory statement is to provide you with the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions relating to the Repurchase Mandate.



## LETTER FROM THE BOARD

### D. DIRECTORS PROPOSED TO BE RE-ELECTED

In accordance with Article 87 of the Articles of Association, Mr. Yu Chai Mei, the independent non-executive Director, shall retire from office at the Annual General Meeting and, being eligible, will offer himself for re-election.

In accordance with Article 86 of the Articles of Association, Mr. Chan Ping Kuen, Francis, the independent non-executive Director and Mr. Yung Kwok Leong, the Chairman and executive Director, will hold office until the conclusion of the Annual General Meeting and, being eligible, will offer themselves for re-election.

Details of the aforesaid Directors who are proposed to be re-elected at the Annual General Meeting are set out in the Appendix Two to this circular.

### E. REFRESHMENT OF THE EXISTING SCHEME MANDATE LIMIT

The Company adopted the Share Option Scheme and other share option scheme by way of written resolution of the Shareholders on 20 April 2002. Under the rule of the Share Option Scheme:–

- (i) the number of Shares subject to Options that may be granted shall not exceed 10% of the Shares in issue as at the date of approval of the Share Option Schemes;
- (ii) the Company may seek Shareholders' approval to renew the Scheme Mandate Limit. However, the Scheme Mandate Limit as renewed shall not exceed 10% of the Shares in issue as at the date of the aforesaid Shareholders' approval. Options previously granted under the Share Option Scheme and other share option schemes (including those outstanding, cancelled, lapsed in accordance with the Share Option Scheme or exercised Options) will not be counted for the purpose of calculating the Scheme Mandate Limit as renewed. A circular must be sent to Shareholders in connection with the meeting at which their approval will be sought;
- (iii) the Company may seek separate approval of the Shareholders in general meeting to grant Options beyond the Scheme Mandate Limit to participants specifically identified by the Company before the aforesaid Shareholders' meeting where such approval is sought; and
- (iv) the overall limit on the number of Shares which may be issued upon the exercise of all outstanding Options granted and yet to be exercised under the Share Option Scheme and any other option scheme of the Company must not in aggregate exceed 30% of the total number of Shares issued from time to time.

## LETTER FROM THE BOARD

As at the Latest Practicable Date, the Directors were only authorized to grant options to subscribe for up to 83,000,000 shares under the Share Option Scheme, i.e. 10% of the issued share capital of the Company of 830,000,000 shares as at the date of the adoption of the Share Option Scheme. As at the Latest Practicable Date, under the Share Option Scheme, Options to subscribe for 7,150,000 shares has been granted, out of which, Options to subscribe for 5,000 shares were exercised in December 2003 and Options to subscribe for 7,145,000 shares were lapsed in May 2005. In this connection, the Company could only make a further grant of Options to subscribe for 75,850,000 shares to the Participants as at the Latest Practicable Date, representing 15,170,000 Shares following the Share Consolidation in May 2005.

At the adoption of the Share Option Scheme on 20 April 2002, the total issued share capital of the Company is 830,000,000. On 20 December 2002, the Company issued and allotted 41,666,667 shares as part of the consideration for the acquisition of 60% equity interests of a group of companies engaged in the provision of food waste management services. On 10 November 2003, the Company issued and allotted 287,000,000 shares to a third party Key Engineering Co., Ltd.. In December 2003, 5,000 shares options were exercised and 5,000 ordinary shares were issued and allotted. On 3 February 2005, the Company issued and allotted 231,730,000 shares to Easeglory Holdings Limited, by which the total issued share capital has been increased to 1,390,401,667. Following the Share Consolidation becoming effective in May 2005, the total issued share capital has been consolidated into 278,080,333 Shares.

The Directors consider that the Company should renew the Scheme Mandate Limit so that the Company could have more flexibility to provide incentive to Participants by way of granting Options to them. If the refreshment of the existing Scheme Mandate Limit is approved at the Annual General Meeting based on the 278,080,333 Shares in issue as at the Latest Practicable Date and assuming no further Shares are issued, and no Shares are repurchased after the Latest Practicable Date and up to the date of the Annual General Meeting, the Directors will be able to grant Options up to a total 27,808,033 Shares, representing 10% of the issued share capital of the Company as at the date of the Annual General Meeting.

The proposed renewal of the Scheme Mandate Limit will be conditional upon the Listing Committee of the Stock Exchange granting the listing of, and the permission to deal in, such number of Shares, representing 10% of the Shares in issue as at the date of Annual General Meeting, which may fall to be allotted and issued pursuant to the exercise of Options granted under the renewed Scheme Mandate Limit.

Application has been made to the Stock Exchange for granting the listing of, and the permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the Share Option Scheme up to the renewed Scheme Mandate Limit.

The Directors consider that the renewal of the Scheme Mandate Limit is in the interests of the Group and the Shareholders as a whole because it enables the Company to reward and motivate its employees and other selected Participants under the Share Option Scheme. The refreshment of the Scheme Mandate Limit is in line with purpose of the Share Option Scheme.

## LETTER FROM THE BOARD

An ordinary resolution, as a special business, will be proposed at the forthcoming Annual General Meeting to approve the renewal of the existing Scheme Mandate Limit in the terms as set out in the notice of Annual General Meeting. In order that the Company could continue to grant Options to selected Participants as incentives or rewards for their contribution to the Company, the Directors recommend that Shareholders vote in favour of this resolution.

### **F. CHANGE OF AUDITORS**

The Board announced on 18 May 2005 that Deloitte have resigned as auditors of the Company and its subsidiaries with effect from 6 May 2005. In filling the casual vacancy following Deloitte's resignation, Messers HLB Hodgson Impey Cheng have been appointed as auditor of the Company with effect from 13 May 2005 until the conclusion of the Annual General Meeting. At the Annual General Meeting, an ordinary resolution will be proposed to rectify the appointment of auditors and authorize the Board to fix their remuneration in accordance with the Articles of Association.

### **G. ANNUAL GENERAL MEETING**

A notice convening the Annual General Meeting of the Company to be held at Room 1902, 19/F., Sing Pao Building, No. 101 King's Road, North Point, Hong Kong, 29 July 2005 at 11:00 a.m. is set out on page 16 to 20 of this circular.

A form of proxy for the Annual General Meeting is enclosed with this circular. Whether or not you are able to attend the Annual General Meeting in person, please complete and return the form of proxy in accordance with the instructions printed thereon to the principal place of business of the Company at Room 1902, 19/F., Sing Pao Building, No. 101 King's Road, North Point, Hong Kong, as soon as possible and in any event not less than 48 hours before the time appointed for holding of the Annual General Meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting (as the case may be) should you so wish.

### **H. PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING**

According to the 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 authorized representative or by proxy for the time being entitled to vote at the meeting; or

## LETTER FROM THE BOARD

- (c) by a Shareholder or Shareholders present in person or in the case of a Shareholder being a corporation by its duly authorized 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 the shares conferring that right.

### **I. SHAREHOLDERS ABSTAIN FROM VOTING**

There is no shareholder that is materially interested in the general mandates to issue and repurchase Shares of the Company and therefore none of the shareholders shall abstain from voting in respect of the proposed resolutions on these general mandates.

### **J. RESPONSIBILITY STATEMENT**

This circular, for which the directors of the Company (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 (i) the information contained in this circular 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 circular misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

### **K. RECOMMENDATION**

The Directors consider that the general mandates to issue Shares, the refreshment of 10% limit on the grant of Options under the Share Option Scheme (as for the reason of providing flexibility for issuing new Shares to Participants when it is in the interests of the Company), general mandate to repurchase Shares (for the sake of enhancing the net asset value per Share and/or earnings per Share) and the rectification to the appointment of auditors are all in the best interests of the Company and its Shareholders and so recommend all Shareholders to vote in favour of the resolutions to be proposed at the forthcoming Annual General Meeting.

Yours faithfully,  
On behalf of the Board  
**Grandy Corporation**  
**Yung Kwok Leong**  
*Chairman*

*This is an explanatory statement given to all Shareholders relating to the resolution to be proposed at the Annual General Meeting authorizing the Repurchase Mandate. It contains all the relevant information required pursuant to Rule 13.08 of the GEM Listing Rules which is set out as follows:*

## **1. SHARE CAPITAL**

As at the Latest Practicable Date, the issued share capital of the Company comprised 278,080,333 Shares of HK\$0.05 each.

Subject to the passing of the resolution in relation to the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the Annual General Meeting, the Company will be allowed under the Repurchase Mandate to repurchase a maximum of 27,808,033 Shares equivalent to 10% of the issued share capital of the Company. The Shares repurchased by the Company shall, subject to applicable laws, be automatically cancelled upon such repurchase.

## **2. REASONS FOR REPURCHASES**

The Directors believe that the Repurchase Mandate will provide the Company the flexibility to make such repurchases when appropriate and beneficial to the Company and the Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the relevant time, lead to an enhancement of the net asset value of the Company and/or earning per Share.

## **3. FUNDING OF REPURCHASES**

Repurchase of Shares will be funded out of funds legally available for such purpose in accordance with Articles of Association and the applicable laws and regulations of the Cayman Islands and the GEM Listing Rules.

There might be a material adverse impact on the working capital or the gearing position of the Group as compared with the position disclosed in the audited financial statements for the year ended 31 March 2005, being the date to which the latest published audited financial statements of the Company were made up, in the event that the Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Group or on the gearing positions which in the opinion of the Directors are from time to time appropriate for the Group.

#### 4. SHARE PRICES

The highest and lowest prices were adjusted prices after Share Consolidation becoming effective on 12 May 2005 at which Shares have been traded on GEM in each of the past twelve months preceding the Latest Practicable Date were as follows:-

	Price per Share	
	Highest	Lowest
	(Adjusted)	(Adjusted)
	HK\$	HK\$
<b>2004</b>		
June	0.450	0.425
July	0.425	0.375
August	0.375	0.175
September	0.200	0.130
October	0.175	0.100
November	0.285	0.100
December	0.240	0.145
<b>2005</b>		
January	0.215	0.135
February	0.200	0.135
March	0.155	0.115
April	0.275	0.115
May	0.159	0.098
June (up to Latest Practicable Date)	0.103	0.102

#### 5. UNDERTAKING OF THE DIRECTORS

As at the Latest Practicable Date, the Board consisted of six Directors. The executive Directors are Mr. Yung Kwok Leong, Mr. Chan Hon Chiu and Mr. Yeung Kam Yan and the independent non-executive Directors are Mr. Chan Ping Kuen, Francis, Mr. Hsu Shiu Foo, William and Mr. Yu Chai Mei.

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the GEM Listing Rules, the applicable laws of Hong Kong, the Articles of Association and any applicable laws of the Cayman Islands.

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquires, any of the associates (as defined in the GEM Listing Rules) of any of the Directors has any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell Shares to the Company.

As at the Latest Practicable Date, no connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorized to make repurchases of Shares.

## 6. THE HONG KONG CODE ON TAKEOVERS AND MERGERS

If as a result of a repurchase of Shares, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Hong Kong Code on Takeovers and Mergers (the "Takeovers Code"). Accordingly, a shareholder or group of shareholders acting in concert, could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the register maintained by the Company under Section 336 of the SFO showed that the following parties had interests in the Shares representing 10% ,or more of the voting power at any general meeting of the Company:

Name of Shareholder(s)	Number of Shares held	Approximate percentage of existing shareholding	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Key Engineering Co., Ltd.	66,830,000	24.03%	26.70%
Easeglory Holdings Limited. (Note a)	46,346,000	16.67%	18.52%
Mr. Yung Kwok Leong (Note b)	46,346,000	16.67%	18.52%
Ms. Yung Muk Ying (Note c)	46,346,000	16.67%	18.52%
Top Rainbow Ltd. (Note d)	44,901,258	16.15%	17.94%
Mr. Yang Pei Gen (Note e)	44,901,258	16.15%	17.94%
Ms. Lu Jin Ming (Note f)	44,901,258	16.15%	17.94%

Notes:

- (a) Easeglory Holdings Limited., a company incorporated in the British Virgins Islands with limited liability, the entire issued share capital of which is owned by Mr. Yung Kwok Leong, who is the ultimate beneficial owner of these 46,346,000 Shares.
- (b) Mr. Yung Kwok Leong was deemed to have interest in 46,346,000 Shares by virtue of his equity interest in Easeglory Holdings Limited.

- (c) Ms. Yung Muk Ying was deemed to have interest in 46,346,000 Shares by virtue of her being the spouse of Mr. Yung Kwok Leong.
- (d) Top Rainbow Ltd., a company incorporated in the British Virgin Islands, is the beneficial owner of these 44,901,258 Shares.
- (e) Mr. Yang Pei Gen was deemed to have interest in 44,901,258 Shares by virtue of his equity interest in Top Rainbow Ltd.
- (f) Ms. Lu Jin Ming was deemed to have interest in 44,901,258 Shares by virtue of her being the Spouse of Mr. Yang Pei Gen.

In the event that the Directors shall exercise in full the Repurchase Mandate, the total interests of the above shareholders would be increased to approximately the respective percentages shown in the last column above. The Directors are not aware of any consequences as a result of any repurchase of Shares under the Repurchase Mandate which may give rise to an obligation to make a mandatory offer under Rule 26 of the Takeovers Code as a result of any purchase made under the Repurchase Mandate nor reduce the amount of Shares held by the public to less than 25%.

#### **7. SHARES REPURCHASE MADE BY THE COMPANY**

No Shares had been repurchased by the Company, whether on the GEM or otherwise, in the last six months prior to the Latest Practicable Date.



Set out below are details of the Directors who will be proposed to be re-elected at the Annual General Meeting:

**1. Mr. Yung Kwok Leong (“Mr. Yung”)**

Mr. Yung, aged 40, is an executive Director and Chairman of the Company. Mr. Yung is also a director of Able Developments Limited, Prime Source Trading Limited, Grand Brilliant Corporation Limited and Grand Motion Investments Limited respectively, which are wholly owned subsidiaries of the Company. Saved as disclosed, he does not hold any other positions in the Company or any of its subsidiaries. Mr. Yung has not held any directorship in other listed public companies in the last three years and does not have any other major appointments and qualifications. Mr. Yung is a registered economist in the Fujian Province in the PRC and has business experience 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 for over 20 years.

Easeglory Holding Limited, being a substantial shareholder of the Company, interested in approximately 16.67% shareholding in the Company, is wholly and beneficially owned by Mr. Yung. Save as disclosed above, he does not have any relationships with any directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company (within the meaning of the GEM Listing Rules of the Stock Exchange) and does not have any other interests in the Company within the meaning of Part XV of the SFO.

There is no service contract entered into between the Company and Mr. Yung. In the financial year ended 31 March 2005, there is no director’s emoluments for Mr. Yung. Should director’s emoluments be considered appropriate for Mr. Yung in the future, Mr. Yung’s emoluments shall be determined and reviewed by the Board from time to time with reference to the prevailing market conditions.

**2. Mr. Yu Chai Mei (“Mr. Yu”)**

Mr. Yu, aged 49, is an independent non-executive Director. Mr. Yu is the Professor of the Department of Chemistry and the Director of Studies in Environmental Science Programme of the Chinese University of Hong Kong. Mr. Yu possesses extensive knowledge in pollution treatment and environmental monitoring. Mr. Yu obtained his doctoral degree in Chemistry at the University of Idaho, the US. Mr. Yu has made contributions to Group by advising the Group on development potentials of PCO technology and has helped the Group to carry out research on the functions of PCO reactors in the early stage of the Group’s business development.

On 22 April 2002, Mr. Yu has entered into a service contract with the Company for an initial fixed term of one year commencing from 22 April 2002 and the term of appointment shall renew on a yearly basis unless one month’s prior written notice in writing is given by either party. As at the Latest Practicable Date, no notice of termination has been served by either the Company or Mr. Yu.

Under the service contract, Mr. Yu's director fee in connection with his position as independent non-executive director is HK\$60,000 payable by 12 monthly installments of HK\$5,000 each for the first twelve months. Mr. Yu's director fee is determined by the Board from time to time. As at the Latest Practicable Date, Mr. Yu's monthly director fee remains HK\$5,000 per month. In the financial year ended 31 March 2005, Mr. Yu received a total emolument of HK\$60,000.

Mr. Yu does not have any relationship with any other directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company and/or its subsidiaries. Mr. Yu does not have any interests in any Shares within the meaning of Part XV of the SFO. Save as disclosed, Mr. Yu does not hold any other positions in the Company or any of its subsidiaries.

Save as disclosed above, Mr. Yu has not held any directorship in other listed public companies in the last three years and does not have any other major appointments and qualifications.

### **3. Mr. Chan Ping Kuen, Francis ("Mr. Chan")**

Mr. Chan, aged 46, is an independent non-executive Director. Mr. Chan is also a director of Able Developments Limited and Prime Source Trading Limited, respectively, both of which are wholly owned subsidiaries of the Company. Mr. Chan is an associate member of The Institute of Chartered Accountants in Australia and also an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan has over twenty years of experience in auditing, accounting and financial management and previously worked for an international accounting firm and a number of listed companies in Hong Kong and in the United States.

Mr. Chan was previously the independent non-executive director of AGL MediaTech Holdings Limited and Kinetana International Biotech Pharma Limited, both of which are companies listed on the GEM of the Stock Exchange. Mr. Chan is currently the independent non-executive director of China Elegance (Holdings) Limited, and the qualified accountant of Sino Prosper Holdings Limited, both of which are companies listed on the main board of the Stock Exchange.

Mr. Chan has entered into a service contract with the Company for a period of one year commencing from 27 September 2004. His emolument in connection with his position as independent non-executive director is HK\$5,000 per month which is determined by arm's length negotiation between the parties. In the financial year ended 31 March 2005, Mr. Chan received a total emolument of HK\$30,667.

Mr. Chan does not have any relationship with any other directors, senior management, management shareholders, substantial shareholders or controlling shareholders of the Company and/or its subsidiaries. Mr. Chan does not have any interests in any shares of the Company within the meaning of Part XV of the SFO.

As at the Latest Practicable Date, Mr. Chan has no interest in the Shares which is required to be disclosed under Part XV of the SFO.

# NOTICE OF ANNUAL GENERAL MEETING



## Grandy Corporation

泓迪有限公司\*

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

**(Stock code: 8143)**

**NOTICE IS HEREBY GIVEN THAT** the annual general meeting of the shareholders of Grandy Corporation (the “Company”) will be held at Room 1902, 19/F., Sing Pao Building, No. 101 King’s Road, North Point, Hong Kong on Friday, 29 July 2005, at 11:00 a.m. for the following purposes:-

1. to receive and consider the audited financial statements and the reports of the directors (the “Directors”) and auditors of the Company for the year ended 31 March 2005;
2. to re-elect Directors and authorize the board of directors to fix their remuneration;
3. to rectify the appointment of auditors and authorize the board of directors to fix their remuneration;

as special businesses, to consider and, if thought fit, to pass with or without amendments, the following resolutions as ordinary resolutions:

4. **“THAT:**
  - (a) subject to paragraph (c) of this resolution, and pursuant to the Rules Governing the Listing of Securities on The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and the same is hereby generally and unconditionally approved;
  - (b) the approval in paragraph (a) of this resolution shall authorize the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;

\* *for identification purposes only*

## NOTICE OF ANNUAL GENERAL MEETING

(c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights Issue (as defined below); or (ii) an issue of Shares upon the exercise of any options granted under the share option schemes of the Company or any other option, scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of shares or rights to acquire shares of the Company; or (iii) an issue of Share as any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares in the Company in accordance with the Articles of Association of the Company in force from time to time; or (iv) any issue of shares in the Company upon the exercise of rights of subscription or conversion under the terms of any existing warrants of the Company or any existing securities of the Company which carry rights to subscribe for or are convertible into shares of the Company, shall not exceed the aggregate of:

- (i) 20% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution; and
- (ii) (if the Directors are so authorized by a separate ordinary resolution of the shareholders of the Company) the nominal amount of any share capital of the Company repurchased by the Company subsequent to the passing of this resolution (up to a maximum equivalent to 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of the passing of this resolution).

(d) for the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, or any other applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution.

## NOTICE OF ANNUAL GENERAL MEETING

“Rights Issue” means an offer of shares in the Company, or offer or issue of warrants, options or other securities giving rights to subscribe for shares open for a period fixed by the Directors to holders of shares in the Company on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expenses or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction applicable to the Company, or any recognized regulatory body or any stock exchange applicable to the Company).”

5. **“THAT:**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all powers of the Company to repurchase its shares on the GEM or any other stock exchange on which the shares of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong (“SFC”) and the Stock Exchange for such purpose, and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange or any other stock exchange as amended from time to time and all applicable laws in this regard, be and the same is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company which may be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution and the authority pursuant to paragraph (a) of this resolution shall be limited accordingly; and
- (c) for the purpose of this resolution:

“Relevant Period” means the period from the date of the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association, or any other applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors by this resolution”

## NOTICE OF ANNUAL GENERAL MEETING

6. “**THAT** conditional upon the resolutions set out in items 4 and 5 of the notice convening this meeting being passed, the general mandate granted to the directors of the Company to allot, issue and deal with additional shares in the Company pursuant to the said resolution under item 4 be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of shares in the capital of the Company which are repurchased by the Company under the authority granted to the directors of the Company pursuant to the said resolution under item 5, provided that the amount of shares so repurchased by the Company shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution.”
  
7. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting the listing of, and permission to deal in, such number of fully paid shares in the capital of the Company which may fall to be allotted and issued pursuant to the exercise of the options which may be granted under the share option schemes adopted by the Company on 20 April 2002 (the “Share Option Scheme”) and any other share option scheme of the Company, representing 10% of the issued share capital of the Company as at the date on which this resolution is passed, the existing scheme mandate limit in respect of the granting of share options under the Share Option Scheme be renewed provided that the total number of shares in the capital of the Company which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other option scheme of the Company shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the passing of this resolution.”

By Order of the Board  
**Grandy Corporation**  
**Yung Kwok Leong**  
*Chairman*

Hong Kong, 30 June 2005

*Head office and principal place of business:*  
Room 1902, 19/F., Sing Pao Building  
No. 101 King’s Road  
North Point  
Hong Kong

*Notes:*

1. A shareholder entitled to attend and vote at the meeting is entitled to appoint a person or persons as his proxy or proxies to attend and, on a poll, vote instead of him. A proxy need not be a shareholder of the Company.

## NOTICE OF ANNUAL GENERAL MEETING

2. To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of that power of attorney or authority must be deposited with the Company's principal place of business at Room 1902, 19/F., Sing Pao Building, No. 101 King's Road, North Point, Hong Kong not less than 48 hours before the time of the meeting or any adjourned meeting.
3. Delivery of an instrument appointing a proxy shall not preclude a shareholder from attending and voting in person at the meeting and in such event, the instrument appointing a proxy shall be deemed to be revoked.