
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 stockbroker, or other licensed securities dealer, bank manager, solicitors, 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 to the purchaser or transferee, or to the bank, stockbroker 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 losses howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



GRANDY CORPORATION
泓迪有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8143)

DISCLOSEABLE TRANSACTION:

ACQUISITION OF PRODUCTION LINE

A letter from the board of directors of the Company is set out on pages 3 to 8 of this circular.

This circular will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for seven days from the date of its publication and the website of the Company at www.grandy.com.hk.

* for identification purpose only

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 and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination of 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 in order to obtain up-to-date information of GEM-listed issuers.

CONTENTS

| | <i>Page</i> |
|---|-------------|
| Definitions | 1 |
| Letter from the Board | 3 |
| Introduction | 4 |
| Acquisition Agreement | 6 |
| Source of funding | 6 |
| Information on the Vendor | 6 |
| Reasons for the Acquisition Agreement | 6 |
| GEM Listing Rules Implications | 8 |
| Further information | 8 |
| Appendix – General Information | 9 |

DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

| | |
|-------------------------|---|
| “Acquisition” | the proposed acquisition of the Production Line |
| “Acquisition Agreement” | the acquisition agreement dated 26 August 2005 entered into between the Vendor and the Purchaser in relation to the Acquisition |
| “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 |
| “Completion” | completion of the Acquisition in accordance with the terms of the Acquisition Agreement |
| “connected person” | has the meaning ascribed to this term under the GEM Listing Rules |
| “Director(s)” | the director(s) of the Company from time to time |
| “GEM” | The Growth Enterprise Market of the Stock Exchange |
| “GEM Listing Rules” | the Rules Governing the Listing of Securities on GEM |
| “Group” | the Company together with its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Lease” | a lease to be entered into between the Purchaser and the Vendor in relation to the letting by the Vendor to the Purchaser of approximately 1,600 m ² of part of a factory situated at 莆田市荔城區西天尾鎮澄渚村 (Chengzhu Cun, Xitianwei County, Licheng District, Putian, Fujian Province, the PRC) following the completion of the Acquisition |

DEFINITIONS

| | |
|---------------------------|--|
| “Latest Practicable Date” | 20 September 2005, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |
| “PRC” | the People’s Republic of China and for the purpose of this circular, excluding Taiwan, Hong Kong and Macau Special Administrative Region of the PRC |
| “Production Line” | machineries forming a production line and other supporting equipment such as storage tanks, grinding machines, electrical distributors and pipelines for the manufacturing of melamine materials |
| “Purchaser” | Prime Source (Fujian) Chemical Co., Ltd. (柏源 (福建) 化工有限公司), an indirect wholly owned subsidiary of the Company established in the PRC |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) |
| “Shares” | ordinary shares of HK\$0.05 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 |
| “Vendor” | Fujian Worldshine Development Co., Ltd. (福建宏耀發展有限公司), a company established in the PRC as a wholly foreign owned enterprise |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | 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 19th Floor

Sing Pao Building

No 101 King's Road

North Point

Hong Kong

23 September 2005

To the Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION:

ACQUISITION OF PRODUCTION LINE

INTRODUCTION

On 2 September 2005, the Board announced that the Purchaser and the Vendor have on 26 August 2005 entered into the Acquisition Agreement whereby the Purchaser has agreed to acquire and the Vendor has agreed to sell the Production Line.

* for identification purpose only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with further details regarding the Acquisition Agreement in accordance with the GEM Listing Rules.

ACQUISITION AGREEMENT

Date:

26 August 2005

Parties:

- (1) Vendor : Fujian Worldshine Development Co., Ltd.
(福建宏耀發展有限公司)
- (2) Purchaser : Prime Source (Fujian) Chemical Co., Ltd.
(柏源(福建)化工有限公司)

The Vendor is a company established in the PRC as a wholly foreign owned enterprise which carries on its principal business in the manufacture and sale of melamine materials. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Vendor and its ultimate beneficial owners, are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules).

The Purchaser is an indirect wholly owned subsidiary of the Company recently established in the PRC on 30 May 2005 as a wholly owned foreign enterprise and is principally engaged in manufacturing, research and development and distribution of melamine materials and its related products. Prior to the Acquisition, the Purchaser had not been engaged in any business activity.

Assets Acquired:

Pursuant to the Acquisition Agreement, the Purchaser has agreed to acquire and the Vendor has agreed to sell the Production Line. The Production Line comprises machineries forming a production line and other supporting equipment such as storage tanks, grinding machines, electrical distributors and pipelines for the production of melamine materials. Melamine materials are raw materials used in the manufacture of household products which are widely used in environmental conscious countries and are durable, water-proof, heat-resistant, with bright color, non-toxic and easy to be processed. The Acquisition Agreement was made in the normal course of business of the Group.

LETTER FROM THE BOARD

Consideration and Terms:

The Acquisition Agreement was entered into for a consideration of RMB6,500,000 (equivalent approximately to HK\$6,250,000) in cash.

The consideration for the Acquisition shall be satisfied by the Purchaser in two payments and in the following manner:

- (a) the first payment of RMB3,250,000 (equivalent approximately to HK\$3,125,000) has been paid upon the signing of the Acquisition Agreement; and
- (b) the balance of RMB3,250,000 (equivalent approximately to HK\$3,125,000) was paid on Completion.

The consideration for the Acquisition was determined after arm's length negotiations between the parties to the Acquisition Agreement based on a valuation of the Production Line as of 31 July 2005 conducted by a Hong Kong independent valuer amounting to RMB 6,500,000, who and whose ultimate beneficial owners, to the best of the Director's knowledge, information and belief after having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined under the GEM Listing Rules). The Directors consider that the terms and conditions of the Acquisition (including the consideration thereof) are made on normal commercial terms and they are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole.

Conditions:

The Acquisition was conditional upon the followings:

- (a) if required, the granting of necessary consents or approvals to the Acquisition by the relevant regulatory authorities to the Purchaser; and
- (b) the Purchaser being satisfied with the inspection report prepared by both the Vendor and the Purchaser of the Production Line as to its quality, specifications, performance and quantity.

In respect of condition (a), to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Directors are not aware of any consents or approvals that are required to be obtained on the part of the Group in the PRC for the Acquisition.

LETTER FROM THE BOARD

If the conditions were not satisfied, the Acquisition Agreement would have been terminated and the Vendor should forthwith refund within three days of the date of termination the first payment paid upon the signing of the Acquisition Agreement to the Purchaser. There was no long stop date for the Acquisition Agreement.

Completion:

Completion has taken place on 5 September 2005 which was within three days after the fulfillment of the conditions mentioned above and in accordance with the Acquisition Agreement.

SOURCE OF FUNDING

The consideration for the Acquisition was funded by the proceeds raised from the placement of new Shares in January 2005. This application of such proceeds corresponds to the “use of proceeds” mentioned in the relevant announcement which provides, among other things, for the application towards the Group’s future investment in environmental related projects in the PRC.

INFORMATION ON THE VENDOR

The Vendor is a company established in the PRC as a wholly foreign owned enterprise which carries on its principal business in the manufacture and sale of melamine materials. To the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the GEM Listing Rules).

REASONS FOR THE ACQUISITION AGREEMENT

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

It has been the Company’s objectives to tap into the PRC market. By entering into the Acquisition Agreement, the Group expands into the production of melamine materials for sale to its customers to produce environmental protection products in which the Group has not been involved before and also captures new opportunity in conducting its sales and marketing business in the PRC. As mentioned under the heading “ACQUISITION AGREEMENT”, melamine materials are raw materials used in the manufacture of household products which are widely used in environmental conscious countries.

LETTER FROM THE BOARD

The Directors note that in the past fifteen years or so , there had been various legislations and pollution preventive measures put in place particularly in Hong Kong and the PRC and other environmental conscious countries for combating a wide range of environmental problems. Since the establishment of the Environmental Protection Department in 1986, various environmental related legislations and schemes have been passed in Hong Kong. More recent ones include Environmental Impact Assessment Ordinance in 1998 and Waste Disposal (Amendment) Ordinance in 2004. In the PRC, since the second state industrial pollution prevention forum organised in 1993, all regions and governmental departments of the PRC have initiated environmental awareness programmes. Measures that have been taken encompass strengthening the government's functions of environmental protection and intensifying environmental management and improving the environmental legal system and establishing a new order of environmental protection under the socialist market economy. The PRC has even established The State Environmental Protection Administration as a ministry in March 1998, the function of which includes developing policies and guidelines relating to promotion and implementation of cleaner production.

In view of greater concern about environmental problems and the increasing demand for environmental protection, the Directors believe that the potential market for environmental products, including durable melamine household products, is substantial. By the Acquisition, the Group expands in both its products range and market in the PRC pursuant to the Group's established objective of developing future business prospect of environmental products in the PRC market.

The Directors expect that the Production Line will commence to generate revenue for the Group as soon as it is put into operation, which is expected to be in or about October 2005. Having said that, the Directors do not expect there will be a significant immediate impact on the Group's earning but instead there will be a steady growth in earnings in the medium to long run as the Group widens its product range and production capability. The expansion of the Group's production capability provides flexibility in its production which in turn enhances the Group's ability in adapting market changes. The Directors believe that the Acquisition will enhance the earnings base of the Group by expanding both its product range and establishing its market presence in the PRC. Meanwhile, such Acquisition is expected to increase the asset base of the Group but will not have any material impact on its liabilities.

The Directors believe that the terms of the Acquisition are fair and reasonable and in the interest of the Shareholders as a whole.

LETTER FROM THE BOARD

Following the completion of the Acquisition, the Purchaser and the Vendor will also enter into the Lease with the expected commencement date being 1 October 2005. Pursuant to the Lease, the Purchaser agreed to lease and the Vendor agreed to let approximately 1,600 m² of part of a factory situated at 莆田市荔城區西天尾鎮澄渚村 (Chengzhu Cun, Xitianwei County, Licheng District, Putian, Fujian Province, the PRC) for production. The Lease shall be for a term of one year from the date of the Lease for a monthly rent of RMB4,800. The Lease is renewable by a three months written notice served on the Vendor prior to the expiry of the term of lease at the then prevailing market rent or as agreed by the parties, and for a term to be determined by the parties, to the Lease. The entering into of the Lease is not a commitment under the Acquisition Agreement. Further announcement will be made by the Company in compliance with the GEM Listing Rules when the Lease is entered into by the parties.

GEM LISTING RULES IMPLICATIONS

The relevant percentage ratios calculated pursuant to Rule 19.07 of the GEM Listing Rules of the Acquisition exceed 5% but less than 25% and thus, the Acquisition constituted a discloseable transaction on the part of the Company under Rule 19.06 of the GEM Listing Rules.

FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

Yours faithfully
For and on behalf of the Board
Grandy Corporation
Yung Kwok Leong
Chairman

1. RESPONSIBILITY STATEMENT

This circular, 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 Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (1) the information contained in this circular 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 circular misleading; and
- (3) 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.

2. DISCLOSURE OF INTERESTS

(a) Director's interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, the following Director had or was deemed to have interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange:

| Name of Director | Nature of interest | Number of Shares held | Position | Approximate percentage of issued share capital |
|------------------|--------------------------------|-----------------------|----------|--|
| Yung Kwok Leong | Corporate interest (Note 1) | 46,346,000 | Long | 16.67% |
| | Personal Interest (Note 2) | 2,750,000 | Long | 0.99% |

| Name of Director | Nature of interest | Number of Shares held | Position | Approximate percentage of issued share capital |
|------------------|-------------------------------|-----------------------|----------|--|
| Chan Hon Chiu | Personal interest (Note 3) | 5,406,798 | Long | 1.94% |
| Yeung Kam Yan | Personal interest (Note 4) | 5,045,237 | Long | 1.81% |

Note:

1. These Shares are held through Easeglory Holdings Limited, a company incorporated in the British Virgins Islands with limited liability, with its entire issued share capital being owned by Mr. Yung Kwok Leong.
2. 2,750,000 Shares represent Shares to be allotted and issued upon full exercise of the options granted to Mr. Yung Kwok Leong on 7 July 2005 under the share option scheme of the Company.
3. Amongst 5,406,798 Shares, 4,156,798 Shares of which represent interests beneficially held by Mr. Chan Hon Chiu and the balance of 1,250,000 Shares represent Shares to be allotted and issued upon full exercise of the options granted to him on 7 July 2005 under the share option scheme of the Company.
4. Amongst 5,045,237 Shares, 3,795,237 Shares of which represent interests beneficially held by Mr. Yeung Kam Yan and the balance of 1,250,000 Shares represent Shares to be allotted and issued upon full exercise of the options granted to him on 7 July 2005 under the share option scheme of the Company.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors nor the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) which were, pursuant to rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial Shareholders

So far as is known to the Directors, as at the Latest Practicable Date, the following person (not being Directors or chief executive of the Company) had, or was deemed to have, interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

| Name of Shareholder | Number of Shares held | Position | Approximate percentage of issued share capital |
|--|------------------------------|-----------------|---|
| Key Engineering Co., Ltd. | 66,830,000 | Long | 24.03% |
| Easeglory Holdings Limited (<i>Note 1</i>) | 46,346,000 | Long | 16.67% |
| Yung Muk Ying (<i>Note 1</i>) | 49,096,000 | Long | 17.66% |
| Top Rainbow Ltd. (<i>Note 2</i>) | 44,901,258 | Long | 16.15% |
| Yang Pei Gen (<i>Note 2</i>) | 44,901,258 | Long | 16.15% |
| Lu Jin Ming (<i>Note 2</i>) | 44,901,258 | Long | 16.15% |

Note:

1. The issued share capital of Easeglory Holdings Limited is 100% beneficially owned by Mr. Yung Kwok Leong, an executive Director and the chairman of the Company. Ms. Yung Muk Ying is deemed to be interested in 49,096,000 Shares which comprise of 46,346,000 Shares held by Easeglory Holdings Limited and 2,750,000 Shares to be allotted and issued upon full exercise of the options granted to Mr. Yung Kwok Leong on 7 July 2005 under the share option scheme of the Company by virtue of her being the spouse of Mr. Yung Kwok Leong.
2. The issued share capital of Top Rainbow Ltd. is 100% beneficially owned by Mr. Yang Pei Gen. Ms. Lu Jin Ming is deemed to be interested in the Company by virtue of her being the spouse of Mr. Yang Pei Gen.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other person (other than the Directors and the chief executive of the Company) who had, or was deemed to have, interests or short positions in the Shares or underlying Shares (including any interests in options in respect of such capital), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. DIRECTORS' SERVICE CONTRACTS

Each of Mr. Chan Hon Chiu and Mr. Yeung Kam Yan, being executive Directors, has entered into a service agreement with the Company. Brief particulars of these service agreements are set out below:

- (a) the term of each of the service agreement shall be for an initial term of two years commencing from 10 May 2002 and will continue thereafter; and
- (b) each of the service agreement may be terminated by either party giving to the other not less than six months' written notice during the initial term and three months' written notice during any renewed term after the first two years.

Mr. Chan Ping Kuen, Francis, being an independent non-executive Director, has also entered into a service contract with the Company for a period of one year commencing from 27 September 2004 which will continue thereafter until terminated by either party giving to the other party not less than one month's notice in writing.

Both Mr. Hsu Shiu Foo, William and Mr. Yu Chai Mei were appointed by letters of appointment as independent non-executive Directors for an initial term of one year commencing from 10 May 2002 which will continue thereafter until terminated by either party giving to the other party not less than one month's notice in writing.

Save as disclosed herein, none of the Directors has entered into any service contract or management agreement, proposed or otherwise with any member of the Group (excluding contracts expiring or terminable by the employer within one year without payment of compensation other than statutory compensation).

4. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or the management Shareholders (as defined in the GEM Listing Rules) or their respective associates has any interest in business which competes with or may compete with the business of the Group.

5. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation, arbitration or claim of material importance was known to the Directors to be pending or threatened against any member of the Group.

6. MISCELLANEOUS

- (a) The registered office of the Company is located at Century Yard, Cricket Square, Hutchins Drive, P.O. Box 2681 GT, George Town, Grand Cayman, British West Indies.
- (b) The head office and principal place of business of the Company in Hong Kong is located at Room 1902, 19/F., Sing Pao Building, No. 101 King's Road, North Point, Hong Kong.
- (c) The branch share registrar and transfer office in Hong Kong of the Company is Tengis Limited at Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong.
- (d) The company secretary and qualified accountant of the Company is Mr. Chan Siu Wing, Raymond, who is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the Certified Practising Accountant in Australia, with over 15 years of accounting and company secretarial experiences.
- (e) The compliance officer of the Company is Mr. Chan Hon Chiu who is also an executive Director.

(f) The Company has established an audit committee on 2 November 2001 with written terms of reference in compliance with Rules 5.28 to 5.29 of the GEM Listing Rules. The primary duties of the audit committee are (i) to review the annual reports and accounts, interim and quarterly reports and give advice and comments thereon to the Directors and (ii) to review and supervise the financial reporting process and internal controls of the Group. The audit committee comprises three independent non-executive Directors, namely, Mr. Chan Ping Kuen, Francis, Mr. Hsu Shiu Foo William, Mr. Yu Chai Mei with Mr. Chan acting as the chairman of the audit committee:

- (i) Mr. Chan Ping Kuen, Francis, aged 46, was appointed as an independent non-executive Director in September 2004. Mr. Chan is a member of The Institute of Chartered Accountants in Australia and also a member of the Hong Kong Institute of Certified Public Accountants. Mr. Chan holds a bachelor degree in economics from the University of Sydney. Mr. Chan has over 20 years of experience in auditing, accounting and financial management and previously worked for an international accounting firm and a number of companies listed in Hong Kong and in the United States.

Mr. Chan was previously an 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 an independent non-executive director of China Elegance (Holdings) Limited and Earnest Investments Holdings Limited which are both listed on the main board of the Stock Exchange.

- (ii) Mr. Hsu Shiu Foo, William, aged 54, was appointed as an independent non-executive Director in November 2001. Mr. Hsu is an Associate Professor at the School of Business at Brigham Young University, Hawaii. Mr. Hsu has over 10 years' global business experience in tourism and related fields in various international corporations. Mr. Hsu holds a bachelor of arts degree from the Brigham Young University, New York, in the United States, a master degree from Cornell University, New York, in the United States and a doctoral degree in business administration from the University of Western Sydney in Australia. Mr. Hsu was previously an independent non-executive director of Kinetana International Biotech Pharma Limited and is currently an independent non-executive director of KanHan Technologies Group Limited, both companies are listed on the GEM of the Stock Exchange.

- (iii) Mr. Yu Chai Mei, aged 49, was appointed as an independent non-executive Director in November 2001. Mr. Yu is a Professor in 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, in the United States. Mr. Yu has made contributions 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.
- (g) The English text of this circular shall prevail over the Chinese text in case of inconsistency.
- (h) For the purpose of this circular, unless otherwise specified, conversions of RMB into HK\$ are based on the approximate exchange rate of RMB1.04 to HK\$1.00.