

**GRANDY APPLIED ENVIRONMENTAL TECHNOLOGY CORPORATION :  
STAND BY FOR A CALL TO ARMS !**

One of the most intriguing questions, surrounding Grandy Applied Environmental Technology Corporation, is how long it will take before it tries to raise some more money.

In other words, come back to the '*money well*', asking for another bucket full of cash.

From TARGET's reading of the Placing and Public Offer Prospectus, it would appear that Management of this Company is facing a difficult time.

Grandy went public on April 29, 2002 on The Growth Enterprise Market (The GEM) of The Stock Exchange of Hongkong Ltd by Placing 100 million, one-cent shares at a Premium of 27 cents per Share and Offered another tranche of 20 million New, one-cent Shares on the same basis.

The Directors and private companies under their control took the opportunity to unload 40 million of their shares, also on the same basis as the Placed and Offered Shares.

At the time of going to The GEM, Grandy had, on its books, a \$HK10-million Convertible Note, hanging over the proverbial head of the Company.

The Company had agreed to retire this Convertible Note by paying \$HK12 million to the holders of the Notes within 3 days of listing on The GEM (Friday, May 10).

The Net Proceeds from this flotation was, at the time that the Prospectus was drafted, estimated to be about \$HK36.80 million so that the retirement of the Notes absorbed about 33 percent of that tidy sum of money.

The Prospectus states, at Page 114, that the Net Proceeds from this cash-raising exercise would be used, other than the retirement of the Notes, as follows:

1. \$HK4.36 million for the improvement of existing products;
2. \$HK8 million to be used as '*establishment of application analysis and product development capabilities*';
3. \$HK4.60 million to expand the Company's markets, geographically;
4. \$HK1.80 million for marketing and brand-building exercises; and,
5. \$HK8.04 million to be used as General Working Capital.

Most of the money, raised in this float, would be immediately applied to the above uses, the Prospectus states.

But the volume of activity of this Company and its prospects over the near and intermediate term seem hazy, to be very generous.

Hence, it would appear that unless things pick up, considerably, Management will have to search for alternate sources of funding – if, as TARGET has already suggested, it does not go back to the same '*money well*', again.

**What Is Grandy?**

Grandy Applied Environmental Technology Corporation describes itself as being '*principally engaged in the production, import, sales and marketing of environmental products and the rendering of ancillary services to the combat problems caused by water and air pollution and energy wastage.*' (Page One of the Prospectus)

The Company manufactures the following products:

Name of Product	Intended Function
GreaseKit	Treatment of waste water with high oil and grease content
EcoTonic	Inhibition of growth of algae, and enhancement of growth of plants and fish in ponds
FlusKleen	Deodourisation and purification of flush water, reduction of scaling, inhibition of the growth of bacterial colonies and degradation of sludge so as to reduce the chance of clogging pipes
EcoKleen	Removal of foul odours, improvement of air quality, degradation of unpleasant smells and suppression of the growth of fungi in certain bacteria
Aircon Fresh	Removal of unpleasant smells, inhibiting bacteria and mould growth for air-conditioning systems
Pet Luv	Elimination of body odour of pets, inhibition of bacterial growth on pets and deodourisation of bad smells from pets, furniture materials and pet bedding
Shoe Fresh	Removal of unpleasant odours from shoes, inhibition of bacterial growth and prevention of mould

Since February 1999, Grandy boasts of having had 12 major customers, 5 customers, buying FlusKleen, 5 customers, buying GreaseKil, and 2 customers, buying EcoTonic. (Page 84)

Since it was founded in January 1999, Grandy has not really made a profit ... [CLICK TO ORDER FULL ARTICLE](#)

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