

**GRANDY CORPORATION:
THERE IS LITTLE THAT IS GRAND ABOUT THIS COMPANY**

In spite of having raised about \$HK8.20 million in late January, this year, it would appear, prima facie, that [Grandy Corporation](#) (Code: 8143, The Growth Enterprise Market [The GEM] of The Stock Exchange of Hongkong Ltd) is still not out of the financial woods.

The Yin Nin Savings, Mortgage Loan and Land Investment Company Ltd of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) has, recently, sued Grandy Environmental (Hongkong) Ltd in the High Court of the HKSAR.

Grandy Environmental (Hongkong) Ltd is a wholly owned subsidiary of Grandy Corporation and is in the business of the manufacture and sales of environmental protection products and related products.

The Yin Nin Savings, Mortgage Loan and Land Investment Company Ltd has slapped a claim on Grandy Environmental, looking to recover about \$HK573,302.84 plus costs and interest charges and, perhaps, more important, The Yin Nin Savings, Mortgage Loan and Land Investment Company Ltd wants to see its tenant out of its premises.

The Yin Nin Savings, Mortgage Loan and Land Investment Company Ltd, in its claim, contained in a Statement of Claim, attached to Writ of Summons Number 669, alleges that it entered into a tenancy agreement with Grandy Environmental (Hongkong) Ltd on May 10, 2002.

The tenancy agreement stipulated that Grandy Environmental would pay to The Yin Nin Savings, Mortgage Loan and Land Investment Company Ltd, the sum of \$HK93,082.50, exclusive of rates, air-conditioning charges and service charges on a monthly basis and, by so doing, this Grandy Corporation subsidiary would have exclusive rights to operate from the 10th Floor, Luk Kwok Centre, Number 72, Gloucester Road, Hongkong.

In fact, this office has been, for some years, now, the Principal Place of Business of Grandy Corporation in the HKSAR.

The tenancy agreement was for a 3-year term, expiring May 31, 2005, it is alleged at Paragraph 3 of the Statement of Claim.

The air-conditioning charges were set at \$HK23,787.75 per month, while the service charges were set at \$HK21,719.25 per month.

On September 23, 2003, it is alleged at Paragraph 13 of the Statement of Claim that Grandy Environment made a successful application to obtain the use a car parking space at Luk Kwok Centre at the cost of \$HK3,700 per month, effective October 1, 2003.

Paragraphs 15 and 16 of the Statement of Claim, then, allege:

'15. In breach of Clauses B.1, 2 and 3 under Section B of the Tenancy Agreement, the Defendant (Grandy Environmental (Hongkong) Ltd) has since 1st January 2005 failed and/or refused to pay the rent, air-conditioning charges and service charges in respect of the said Premises together with interest charged thereon pursuant to Clause B.6 of the Tenancy Agreement.

'16. In breach of Clause 1 of the Licence Agreement, the Defendant failed and/or refused to pay the licence fee for March 2005 as at 14th March 2005.

Paragraph 18 of the Statement of Claim alleges that Grandy Environmental did, in fact, pay the outstanding licence fee in respect of the leased car parking space at Luk Kwok Centre in the amount of \$HK3,700, being rent for the month of March 2005, and that, for the month of January 2005, Grandy Environmental did pay outstanding rent, air-conditioning charges and service charges, following The Yin Nin Savings, Mortgage Loan and Land Investment Company Ltd, sending a Letter of Demand to the company.

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