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Grandy Corporation

泓迪有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8143)

PROPOSED CONSOLIDATION OF SHARES AND CHANGE OF BOARD LOT SIZE

The Board proposes that every 5 Shares of HK\$0.01 each in the issued and unissued share capital of the Company be consolidated into one Consolidated Share of HK\$0.05 in the issued and unissued share capital of the Company. As at the date of this Announcement, there were 1,390,401,667 Shares of HK\$0.01 each in issue and fully paid or credited as fully paid. Assuming no further Shares will be issued from the date of this Announcement up to the date of the EGM, there will be 278,080,333 Consolidated Shares of HK\$0.05 each in issue and fully paid or credited as fully paid following the Share Consolidation.

The Board also proposes that the Consolidated Shares will be traded in board lots of 20,000. Based on the closing price of HK\$0.03 per Share as at the date of this Announcement, the value of each board lot of 20,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$3,000.

The Circular containing, among other things, information as regards the Share Consolidation and the change of board lot size, together with a notice convening the EGM, will be despatched to Shareholders as soon as practicable.

PROPOSED SHARE CONSOLIDATION

The Board proposes that every 5 Shares of HK\$0.01 each in the issued and unissued share capital of the Company be consolidated into one Consolidated Share of HK\$0.05 in the issued and unissued share capital of the Company. As at the date of this Announcement, there were 1,390,401,667 Shares of HK\$0.01 each in issue and fully paid or credited as fully paid. Assuming no further Shares will be issued from the date of this Announcement up to the date of the EGM, there will be 278,080,333 Consolidated Shares of HK\$0.05 each in issue and fully paid or credited as fully paid following the Share Consolidation. The authorised share capital of the Company will remain at HK\$15,000,000 divided into 300,000,000 Consolidated Shares of HK\$0.05 each.

* *for identification purpose only*

As at the date of this Announcement, there are no outstanding options, warrants or securities convertible or exchangeable into Shares other than a total share options of 4,000,000 and an aggregate share options of 7,145,000 granted by the Company pursuant to a pre-listing share option scheme and a post-listing share option scheme respectively. Both share option schemes were adopted on 20 April 2002.

The implementation of the Share Consolidation is conditional upon:

- (i) the passing of the necessary ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation; and
- (ii) the GEM Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares.

Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Consolidated Shares. All necessary arrangements will be made for the Consolidated Shares to be admitted into the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited.

CHANGE OF BOARD LOT SIZE

As at the date of this Announcement, Shares are traded in board lots of 10,000. It is proposed that the Consolidated Shares will be traded in board lots of 20,000.

Based on the closing price of HK\$0.03 per Share as at the date of this Announcement, the value of each board lot of 20,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$3,000.

STATUS OF THE CONSOLIDATED SHARES

The Consolidated Shares will rank *pari passu* in all respects with each other and the Share Consolidation will not result in any change in the relative rights of the Shareholders. Fractional Consolidated Shares will not be issued by the Company to Shareholders. Any fractional entitlement to the Consolidated Shares will be aggregated, sold and retained for the benefit of the Company. In order to alleviate the difficulties arising from the existence of odd lots of Consolidated Shares, the Company has agreed to procure an agent to arrange for matching service regarding the sale and purchase of odd lots of Consolidated Shares from 27 May 2005 to 17 June 2005 (both days inclusive). Shareholders should note that matching of the sale and purchase of odd lots of Consolidated Shares is not guaranteed. Further details in respect of the odd lots arrangement will be set out in the Circular.

REASONS FOR THE SHARE CONSOLIDATION

The proposed Share Consolidation will increase the nominal value of the Shares and reduce the total number of Shares currently in issue. As such, it is expected to bring about a corresponding upward adjustment in the trading price of the Consolidated Shares on the Stock Exchange, which will enhance the attractiveness of the Consolidated Shares to potential Shareholders. Accordingly, the Board is of the view that the Share Consolidation is beneficial to the Company and Shareholders as a whole.

Other than the expenses to be incurred by the Company in relation to the Share Consolidation and change of board lot size, the implementation thereof will not, by itself, affect the underlying assets, business operations, management or financial position of the Group or the interests of Shareholders as a whole.

EXCHANGE OF CERTIFICATES FOR CONSOLIDATED SHARES

Subject to the Share Consolidation becoming effective, which is currently expected to be 12 May 2005, being the business day immediately after the date of the EGM, Shareholders may on or after 12 May 2005 and until 22 June 2005 (both dates inclusive), submit their share certificates in pink or blue for Shares to the Registrar for exchange for share certificates in green for the Consolidated Shares at the expense of the Company.

Reference is made to the announcement dated 5 February 2004 whereby the Company under its previous name “Grandy Applied Environmental Technology Corporation” announced for a change of name to the present name with effect from 21 January 2004. Prior to the change of name, Shares issued and allotted were represented by share certificates in blue colour whereas Shares issued and allotted thereafter were represented by share certificates in pink colour. As the change of name back then did not affect the title and validity of the blue share certificates for trading, the Board considers that both the pink and blue colour share certificates are still in existence in the market.

Shareholders should note that after the prescribed time for free exchange of share certificates, a fee of HK\$2.50 (or such higher amount as may from time to time be allowed by the Stock Exchange) will be payable by the Shareholders to the Registrar for exchange of share certificates.

With effect from 18 June 2005, trading will only be in Consolidated Shares. Share certificates in pink or blue for the Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

EXPECTED TIMETABLE

The expected timetable for the Share Consolidation is as follows:

Despatch of the Circular	25 April 2005
Publication of the notice of EGM	25 April 2005
Latest time for lodging the form of proxy for the EGM	11:00 a.m. 9 May 2005
EGM	11:00 a.m. 11 May 2005
Effective date of the Share Consolidation	12 May 2005
Original counter for trading in Shares in board lots of 10,000 Shares temporarily closes	9:30 a.m. 12 May 2005
Temporary counter for trading in Consolidated Shares in board lots of 2,000 Consolidated Shares opens (in the form of existing share certificates in pink or blue)	9:30 a.m. 12 May 2005
First day for free exchange of existing share certificates in pink or blue for new share certificates in green	12 May 2005

Original counter for trading in Consolidated Shares in board lots of 20,000 Consolidated Shares reopens (in the form of new share certificates in green)	9:30 a.m. 27 May 2005
Parallel trading in Consolidated Shares commences	9:30 a.m. 27 May 2005
First day of operation of odd lot trading facility	27 May 2005
Temporary counter for trading in Consolidated Shares in board lots of 2,000 Consolidated Shares closes (in the form of existing share certificates in pink or blue)	4:00 p.m. 17 June 2005
Parallel trading ends	4:00 p.m. 17 June 2005
Last day of operation of odd lot trading facility	17 June 2005
Latest time for free exchange of share certificates	22 June 2005

GENERAL

A Circular containing, among other things, information as regards the Share Consolidation together with a notice convening the EGM will be despatched to Shareholders as soon as practicable.

Shareholders are recommended to consult their licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser if they are in doubt about any of the above matters.

DEFINITIONS

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

“Announcement”	this announcement in relation to the proposed Share Consolidation and the change of board lot size
“Board”	the board of Directors
“Circular”	the circular of the Company containing, among other things, information as regards the proposed Share Consolidation and the change of board lot size together with a notice convening the EGM to be despatched to Shareholders
“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
“Consolidated Shares”	consolidated ordinary shares of HK\$0.05 each in the issued and unissued share capital of the Company upon completion of the Share Consolidation
“Directors”	the directors of the Company from time to time

“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“EGM”	the extraordinary general meeting of the Company to be convened to consider and, if thought fit, approve the proposed Share Consolidation
“Share Consolidation”	the proposed consolidation of every 5 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
“Shareholders”	holders of Shares or Consolidated Shares, as the case may be
“Shares”	ordinary shares of HK\$0.01 each in the issued and unissued share capital of the Company prior to the Share Consolidation
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Registrar”	Tengis Limited, the branch share registrar of the Company in Hong Kong

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

Hong Kong, 14 April 2005

As at the date of this Announcement, the executive Directors are Mr. Chan Hon Chiu, Mr. Yeung Kam Yan and Mr. Yung Kwok Leong and 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 Company. 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.