

THE 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 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, you should at once hand this circular together with the enclosed form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or the 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 CONSOLIDATION OF SHARES
AND CHANGE OF BOARD LOT SIZE**

A notice convening the EGM to be held at 10/F, Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Wednesday, 11 May 2005 at 11:00 a.m. is set out on pages 10 to 11 of this circular. A form of proxy for use at the EGM is also enclosed with this circular.

If you are not able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tengis Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting as the case may be. Completion and delivery of the enclosed form of proxy will not preclude you from attending and voting at the meeting should you so wish.

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. GEM-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 on GEM-listed issuers.

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DEFINITIONS

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

“Board”	the board of Directors
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approve the proposed Share Consolidation
“GEM”	the Growth Enterprise Market of the Stock Exchange
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	22 April 2005, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Registrar”	the Company’s branch share registrar in Hong Kong, Tengis Limited, at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong
“Share Consolidation”	the proposed 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

DEFINITIONS

“Shareholders”	holders of the 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

EXPECTED TIMETABLE

The expected timetable for the implementation of the Share Consolidation, change of board lot size and the associated trading arrangements is as follows:

Latest time for lodging the form of proxy for the EGM	11:00 a.m. on 9 May 2005
EGM	11:00 a.m. on 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. on 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. on 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. on 27 May 2005
Parallel trading in Consolidated Shares commences	9:30 a.m. on 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. on 17 June 2005
Parallel trading ends	4:00 p.m. on 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

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

Independent non-executive Directors:

Mr. Hsu Shiu Foo, William
Mr. Yu Chai Mei
Mr. Chan Ping Kuen, Francis

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:*

10/F Luk Kwok Centre
72 Gloucester Road
Wanchai
Hong Kong

25 April 2005

To the Shareholders

Dear Sir or Madam,

PROPOSED CONSOLIDATION OF SHARES AND CHANGE OF BOARD LOT SIZE

INTRODUCTION

The Board announced on 14 April 2004 the proposal that every five Shares of HK\$0.01 each in the issued and un-issued ordinary share capital of the Company be consolidated into one Consolidated Share of HK\$0.05. It was also announced that the board lot size be changed from 10,000 Shares to 20,000 Consolidated Shares.

The purpose of this circular is to provide Shareholders with further details of the Share Consolidation, the change of board lot size and the associated trading arrangements and to set out the notice of EGM at which an ordinary resolution will be proposed to consider and, if thought fit, approve the Share Consolidation.

* For identification purpose only

LETTER FROM THE BOARD

PROPOSED SHARE CONSOLIDATION

The Board proposes that every five 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 each. As at the Latest Practicable Date, 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 Latest Practicable Date 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.

As at the Latest Practicable Date, 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.

CONDITIONS OF THE SHARE CONSOLIDATION

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.

The Share Consolidation will become effective at the time when the above conditions are fulfilled, which is expected to be on 12 May 2005, being the day following the date of the EGM.

CHANGE OF BOARD LOT SIZE

Shares are currently being traded in board lots of 10,000 Shares. It is proposed that the Consolidated Shares will be traded in board lots of 20,000 Consolidated Shares.

Based on the closing price of the Shares of HK\$0.027 on the Latest Practicable Date, the value of each board lot of the Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$2,700.

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 any relative rights of the Shareholders.

LETTER FROM THE BOARD

REASONS FOR THE SHARE CONSOLIDATION AND CHANGE OF BOARD LOT SIZE

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 and, along with the change of board lot size, will enhance the attractiveness of the Consolidated Shares to potential Shareholders. Accordingly, the Board is of the view that the Share Consolidation and the change of board lot size are beneficial to the Company and Shareholders as a whole.

EFFECTS OF THE SHARE CONSOLIDATION

Other than the expenses to be incurred by the Company in relation to the Share Consolidation and the 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.

FRACTIONAL ENTITLEMENT OF THE CONSOLIDATED SHARES, ODD LOTS ARRANGEMENTS AND MATCHING SERVICES

Where the Share Consolidation results in fractions of Consolidated Shares, such fractional Consolidated Shares will not be issued but will be aggregated, sold and retained for the benefit of the Company.

In respect of the odd lots of Consolidated Shares arising from the change of board lot size, the Company has appointed Phoenix Capital Securities Limited to arrange for the sale and purchase of odd lots on behalf of the Shareholders from 27 May 2005 to 17 June 2005 (both dates inclusive). Shareholders who wish to acquire odd lots of Consolidated Shares to make up a full board lot of 20,000 Consolidated Shares or to dispose of their holdings of odd lots of Consolidated Shares may directly or through their own brokers contact Mr. Chan Siu Ning, Ricky of Room 3203-04, 32/F., Edinburgh Tower, The Landmark, 15 Queen's Road Central, Hong Kong at the telephone number 852-2850-0728 during such period. Shareholders should note that the matching service is on a "best efforts" basis only and successful matching of the sale and purchase of odd lots of Consolidated Shares is not guaranteed and will depend on there being adequate amounts of odd lots of Consolidated Shares available for such matching.

EXCHANGE OF CERTIFICATES FOR CONSOLIDATED SHARES

Subject to the Share Consolidation becoming effective which is currently expected to be 12 May 2005:-

- (a) from 9:30 a.m. on 12 May 2005 to 4:00 p.m. on 22 June 2005. Shareholders may submit their share certificates in pink or blue for the existing Shares to the Registrar at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for exchange, at the expense of the Company, for share certificates in green for the Consolidated Shares;

LETTER FROM THE BOARD

- (b) after 22 June 2005, 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 each share certificate in green for the Consolidated Shares, calculated on the basis of the number of share certificate(s) submitted for exchange or the number of share certificate(s) issued (whichever is more).

It is expected that new share certificates in green for the Consolidated Shares will be available for collection within 10 business days from the Registrar after submission of the existing share certificates in pink or blue for Shares to the Registrar for exchange.

Shareholders should note that with effect from 9:30 a.m. on 18 June 2005, trading will only be in Consolidated Shares in board lots of 20,000 Consolidated Shares. Share certificates in pink or blue in Shares will cease to be valid for trading and settlement purpose, but will remain valid and effective as documents of title.

LISTING, DEALING AND TRADING ARRANGEMENTS FOR THE CONSOLIDATED SHARES

Application has been made to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Consolidated Shares. Dealings in the Consolidated Shares will be subject to Hong Kong stamp duty.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Upon the Share Consolidation becoming effective, the arrangement proposed for dealings in the Consolidated Shares are expected to be as follows:

- (i) with effect from 9:30 a.m. on 12 May 2005, the original counter for trading in the Shares in board lots of 10,000 Shares will be temporarily closed. A temporary counter will be established for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares. Only certificates in pink and blue for Shares can be traded at this temporary counter;
- (ii) with effect from 9:30 a.m. on 27 May 2005, the original counter will be reopened for trading in the Consolidated Shares in board lots of 20,000 Consolidated Shares. Only new share certificates in green for the Consolidated Shares can be traded at this counter;
- (iii) from 9:30 a.m. on 27 May 2005 to 4:00 p.m. on 17 June 2005, both dates inclusive, there will be parallel trading at the above two counters; and

LETTER FROM THE BOARD

- (iv) the temporary counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares will be closed after 4:00 p.m. on 17 June 2005. With effect from 9:30 a.m. on 18 June 2005, trading will only be in Consolidated Shares in board lots of 20,000 Consolidated Shares.

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 matter contained in this circular.

EGM

Set out in this circular is a notice convening the EGM which will be held at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Wednesday, 11 May 2005 at 11:00 a.m. where an ordinary resolution will be proposed to approve the Share Consolidation.

A form of proxy for use at the EGM is enclosed with this circular. Whether or not you are able to attend the EGM, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon and return it as soon as possible to the Registrar at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjourned meeting. Completion and return of the enclosed form of proxy will not preclude you from attending and voting in person at the EGM should you so wish.

PROCEDURES FOR DEMANDING A POLL AT GENERAL MEETING

According to 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 authorised representative or by proxy for the time being entitled to vote at the meeting; or
- (c) 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 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.

LETTER FROM THE BOARD

RECOMMENDATION

The Board is of the opinion that the Share Consolidation is in the best interests of the Company and the Shareholders and accordingly recommends the Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Share Consolidation and the transactions contemplated thereby.

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

Hong Kong, 25 April 2005

NOTICE OF EGM



Grandy Corporation 泓迪有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8143)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of the shareholders of Grandy Corporation (the “**Company**”) will be held at 10/F., Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong on Wednesday, 11 May 2005 at 11:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT** subject to and conditional upon the granting by the GEM Listing Committee of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) of the listing of, and permission to deal in, the issued ordinary shares of the Company consolidated in the manner as set out in paragraph (a) of this resolution below:

- (a) with effect from the first business day immediately following the date on which this resolution is passed, being a day on which shares are traded on the Stock Exchange, every five issued and unissued ordinary shares of HK\$0.01 each in the ordinary share capital of the Company be consolidated into one share of HK\$0.05 each (each a “**Consolidated Share**”), such Consolidated Shares shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of ordinary shares contained in the articles of association of the Company;
- (b) all fractions of the Consolidated Shares to which holders of issued shares of HK\$0.01 each in the ordinary share capital of the Company would otherwise be entitled to be aggregated, sold and retained for the benefit of the Company; and
- (c) the directors of the Company be and are generally authorised to do all such acts and things and execute all such documents, including under seal where applicable, as they consider necessary or expedient to give effect to the foregoing arrangements.”

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

Hong Kong, 25 April 2005

* For identification purpose only

NOTICE OF EGM

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:*
10/F Luk Kwok Centre
72 Gloucester Road
Wanchai
Hong Kong

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint one or more proxy to attend and, subject to the provisions of the articles of association of the Company, to vote on his behalf. A proxy need not be a member of the Company but must be present in person at the EGM to represent the member. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
2. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are encouraged to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. Completion and return of a form of proxy will not preclude a member from attending in person and voting at the EGM or any adjournment thereof, should he so wish.
3. In order to be valid, the form of proxy, together with a power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority must be deposited at the Company's Hong Kong branch share registrar, Tengis Limited at G/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, not less than 48 hours before the time appointed for holding the EGM or any adjournment thereof.
4. In the case of joint holders of shares, any one of such holders may vote at the EGM, either personally or by proxy, in respect of such share as if he was solely entitled thereto, but if more than one of such joint holder are present at the EGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.