

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



Ocean Grand Holdings Limited

海域集團有限公司*

(Incorporated in Bermuda with limited liability)

ANNOUNCEMENT

SUPPLEMENTAL AGREEMENTS TO THE SUBSCRIPTION AGREEMENTS AND SUPPLEMENTAL DEEDS TO THE PUT OPTION DEEDS OF SHARES IN KENLAP P.G.C. MANUFACTURER COMPANY LIMITED

This announcement is made further to the Placing Announcements and the Proposed Spin-off Announcements.

The Directors wish to announce that the Company has entered into: (i) the supplemental agreements to the Subscription Agreements with Kenlap and the twelve independent Subscribers; and (ii) the supplemental deeds to the Put Option Deeds with the twelve independent Subscribers on 15 May 2003 for an extension of time to complete the Proposed Spin-off. Amendments of certain terms of the Subscription Agreements and the Put Option Deeds are stated in this announcement.

Reference is made to the announcements of Ocean Grand Holdings Limited (“Company”) (“Placing Announcements”) dated 30 April 2002 and 17 May 2002 respectively in relation to the private placement of an aggregate of 113,352 new shares in Kenlap P.G.C. Manufacturer Company Limited (“Kenlap”) to thirteen independent subscribers (“Subscribers”), and the announcements of the Company (“Proposed Spin-off Announcements”) dated 26 November 2002, 24 December 2002 and 13 May 2003 respectively in relation to the proposed spin-off and separate listing of the shares of Ocean Grand Chemicals Holdings Limited (“Ocean Grand Chemicals”) on the Main Board of the Stock Exchange. Unless the context requires otherwise, terms used herein shall have the same meanings as those defined in the Placing Announcements and the Proposed Spin-off Announcements.

As mentioned in the Placing Announcements, on 17 May 2002, Kenlap allotted an aggregate of 113,352 shares (“Subscription Shares”), representing approximately 10.18% of the issued share capital of Kenlap as enlarged by the allotment, to the Subscribers. Each of the Subscribers entered into a subscription agreement (“Subscription Agreement”) with Kenlap and the Company and a put option deed (“Put Option Deed”) with the Company, which include a condition that the Company would repurchase from the relevant Subscriber the relevant Subscription Shares at a 20% premium to the relevant Subscription Consideration if Kenlap or the relevant listing vehicle formed to own and operate the business of Kenlap is not listed on the Main Board of the Stock Exchange within twelve months from the completion date of the Subscription Agreement, which was 17 May 2002. Also, the Company would compensate the relevant Subscribers if the market capitalisation of Kenlap or the relevant listing vehicle formed to own and operate the business of Kenlap is not immediately upon its listing is less than an agreed amount as stated in the Put Option Deed (“Guaranteed Market Capitalisation”).

Ocean Grand Chemicals is now the listing vehicle of the Proposed Spin-off.

SUPPLEMENTAL AGREEMENTS TO THE SUBSCRIPTION AGREEMENTS AND SUPPLEMENTAL DEEDS TO THE PUT OPTION DEEDS

In view of the recent market condition, the Directors consider that the Proposed Spin-off is not likely to be completed on or before 16 May 2003, being the last date of twelve months from the completion date of the Subscription Agreements. Therefore, the Company has approached the thirteen Subscribers to negotiate an extension of time to complete the listing of the shares of Ocean Grand Chemicals on the Main Board.

After negotiation with the Subscribers, on 15 May 2003, twelve of the thirteen Subscribers entered into (i) the supplemental agreements to the Subscription Agreements with the Company and Kenlap; and (ii) the supplemental deeds to the Put Option Deeds with the Company, to amend certain terms of the Subscription Agreements and the Put Option Deeds.

The principal amendments to the terms of the Subscription Agreements and the Put Option Deeds include:

- (i) the twelve Subscribers have agreed to extend the latest time for the listing of the shares of Ocean Grand Chemicals on the Main Board of the Stock Exchange to 15 July 2003;
- (ii) the Company would repurchase from the relevant Subscriber the relevant Subscription Shares originally owned by the relevant Subscriber at a 23.33% premium, instead of a 20% premium, to the relevant Subscription Consideration if Ocean Grand Chemicals shall not be listed on the Main Board of the Stock Exchange on or before 15 July 2003; and
- (iii) the Company has increased the Guaranteed Market Capitalisation of Ocean Grand Chemicals, which will be disclosed in the prospectus to be issued by Ocean Grand Chemicals.

EXERCISE OF PUT OPTION BY ONE OF THE SUBSCRIBERS

The Company received a letter (the "Letter") dated 14 May 2003 from one of the thirteen Subscribers ("Subscriber A"), who had subscribed for 6,477 Subscription Shares, representing approximately 5.71% of the total Subscription Shares and approximately 0.58% of the issued share capital of Kenlap as enlarged by the allotment respectively. In the Letter, Subscriber A informed the Company that it would exercise its rights under the terms of its Put Option Deed and sell all its respective shareholdings in Kenlap to the Company after 16 May 2003. Pursuant to the respective Put Option Deed, the Company or through its agent is required to repurchase the Subscription Shares originally owned by Subscriber A at a 20% premium to the relevant Subscription Consideration, amounting to HK\$2,399,728.50. The Company will pay this amount to Subscriber A before 28 May 2003.

The Directors believe that the exercise of put option by Subscriber A will not materially affect the financial position of the Company and the Proposed Spin-off.

The Directors confirm that save for the above, there are no other negotiations or agreements relating to any intended acquisitions or realisations which are discloseable under paragraph 3 of the Listing Agreement, neither are the Directors aware of any matters discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which may or may not be of a price-sensitive nature.

Ocean Grand Holdings Limited

Made by the order of the Board of the Company, the Directors of which individually and jointly accept responsibility for the accuracy of this announcement.

By Order of the Board
Ocean Grand Holdings Limited
Yip Kim Po
Chairman

Hong Kong, 15 May 2003

* *For identification purpose only*

Please also refer to the published version of this announcement in The Standard dated on 16-05-2003.