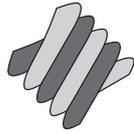


The following is the text of a letter, summary of values and valuation certificates, received from BMI Appraisals Limited, an independent property valuer, in connection with their valuations as at 31 May 2003 of the property interests of the Group, prepared for the purpose of inclusion in this prospectus.

**BMI APPRAISALS LIMITED**

邦盟滙駿評估有限公司

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17 June 2003

The Directors
Ocean Grand Chemicals Holdings Limited
Workshop Unit No. 5 on 5th Floor
Harbour Centre – Tower 1
No. 1 Hok Cheung Street
Hung Hom
Kowloon
Hong Kong

Dear Sirs,

We refer to your instructions for us to value the property interests of Ocean Grand Chemicals Holdings Limited (referred to as the “Company”) and its subsidiaries (together referred to as the “Group”) located in Hong Kong and the People’s Republic of China (the “PRC”). We confirm that we have performed site inspections, made relevant enquiries and obtained such further information, as we consider necessary for the purpose of providing you with our opinion of the open market values of the property interests as at 31 May 2003 (referred to as the “date of valuation”).

BASIS OF VALUATION

Our valuations of the properties are our opinion of the open market value of each of the concerned property interests which we would define as intended to mean “the best price at which the sale of an interest in the property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;

- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;
- (d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and
- (e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

PROPERTY CATEGORISATION

In the course of our valuations, the portfolio of properties held by the Group are categorised under the following groups:

- Group I – Property interest held by the Group for owner-occupation in the PRC
- Group II – Property interest held by the Group for investment in Hong Kong
- Group III – Property interest held by the Group for owner-occupation in Hong Kong
- Group IV – Property interest rented by the Group in Hong Kong

VALUATION METHODOLOGIES**Group I**

Owing to the inherent nature of usage and lack of market sales comparables, this property has been valued by the Depreciated Replacement Cost Approach. Depreciated replacement cost is defined as the aggregate amount of the value of the land for the existing use or a notional replacement site in the same locality and the new replacement cost of the buildings and other site works, from which appropriate deductions may then be made to allow for the age, condition, economic or functional obsolescence and environmental factors etc; all of these might result in the existing property being worth less to the undertaking in occupation than would a new replacement. This opinion of value does not necessarily represent the amount that might be realised from the disposition of the subject asset in the open market and is subject to adequate profitability of the business compared to the value of the total assets employed. This basis has been used due to the lack of an established market upon which to base comparable transactions. However, this approach generally furnishes the most reliable indication of value for assets without a known used market.

Group II

In valuing the property interest, which is held for investment purpose by the Group, we have adopted the Investment Approach by taking into account the current rents passing or the hypothetical rents and the reversionary potential of the tenancies of the constituent units if they have been or would be let to tenants.

Group III

In valuing the property interest, which is held for owner-occupation by the Group, we have valued it on an open market basis by the Comparison Approach assuming sale in the existing state with the benefit of vacant possession by making reference to comparable sales evidence as available in the open market.

Group IV

In valuing the property interest rented by the Group, we are of the opinion that it has no commercial value either because its non-assignability in the open market or there are prohibitions against subletting and/or assignment contained in the respective lease and/or tenancy agreement or the lack of marketable and substantial profit rent.

TITLE INVESTIGATIONS**Group I**

We have been provided with copies of extracts of title documents and advised by the Group that no further relevant documents have been produced. Moreover, due to the nature of the land registration system in the PRC, we have not been able to examine the original documents to verify ownership or to ascertain the existence of any amendment documents, which may not appear on the copies handed to us. Therefore, in the course of our valuations, we have relied on the advice and information given by the Group and its PRC legal advisers in the legal opinion regarding the title of such PRC property.

Groups II and III

We have caused searches to be made at the Urban Land Registry. However, we have neither examined the original documents to verify ownership nor to ascertain the existence of any amendments, which do not appear on the copies handed to us. All documents and leases have been used for reference only.

Group IV

In valuing the property interest of Group IV, we have not searched the title of the property interest and have not scrutinized the original title documents to verify ownership or to ascertain the existence of any amendments, which do not appear on the copies handed to us. However, we have been given a copy of a tenancy agreement of the property interest rented by the Group. All documents have been used for reference only.

VALUATION ASSUMPTIONS

In valuing the property interests, we have relied on the advice given by the legal advisers of the Group that the Group has valid and enforceable titles to the property interests which are freely transferrable, and has free and uninterrupted right to use the same, for the whole of the unexpired term granted subject to the payment of annual Government rent/land use fees and all requisite premium/purchase consideration payable has been fully settled.

Our valuations have also been made on the assumption that the property interests are sold in the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the values of the property interests.

In addition, no account has been taken of any option or right of pre-emption concerning or effecting the sale of the property interests and no forced sale situation in any manner is assumed in our valuations.

We have valued the properties on the basis that each of them is considered individually. We have not allowed for any discount for the properties to be sold to a single party nor taken into account any effect on the values if the properties are to be offered for sale at the same time, as a portfolio.

VALUATION CONSIDERATIONS

We have inspected the exterior and wherever possible, the interior of the properties included within the attached valuation certificates. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report as to whether the properties are free from rot, infestation or other defects. No tests were carried out on any of the services.

We have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy, site/floor areas, identification of the properties and all other relevant matters.

We have not carried out detailed on-site measurements to verify the correctness of the site/floor areas in respect of the properties but have assumed that the site/floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group. Your Group has also advised us that no material facts have been omitted from the information provided, and we have no reason to suspect that any material information has been withheld. We consider that we have been provided with sufficient information to reach an informed view.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties or for any expenses or taxation, which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature, which could affect their values.

Our valuations have been prepared in accordance with the Hong Kong Guidance Notes on the Valuation of Property Assets (2nd Edition) published by the Hong Kong Institute of Surveyors.

Our valuations have been prepared under the generally accepted valuation procedures and are in compliance with the Rules governing the Listing of Securities on the Main Board of the Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated are in Hong Kong Dollars. The exchange rate adopted is the average rate as at 31 May 2003 being HK\$1=RMB1.06. There has been no significant fluctuation in the exchange rate between that date and the date of this letter.

Our Summary of Values and the Valuation Certificates are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED
Tony C.H. Cheng

BSc. MUD MBA MRICS MHKIS MCIArb AFA MIIM
Director

Note: Tony C.H. Cheng is a Chartered Surveyor who has 11 years' experience in valuations of properties in Hong Kong, the PRC and the Asia-pacific region.

SUMMARY OF VALUES

No. Property	Open Market Value in existing state as at 31 May 2003	Interest attributable to the Group	Value attributable to the Group as at 31 May 2003
Group I – Property interest held by the Group for owner-occupation in the PRC			
1. No. B6-2 of Nan Bing Technological and Industrial Park Zhuhai City Guangdong Province the PRC	HK\$23,500,000	100%	HK\$23,500,000
Group II -Property interest held by the Group for investment in Hong Kong			
2. Offices A and B on 14th and 15th Floors Hilltop Plaza (formerly known as Hollywood Tower, Nos. 49 and 51 Hollywood Road) No. 49 Hollywood Road Central Hong Kong	HK\$4,800,000	100%	HK\$4,800,000
Group III -Property interest held by the Group for owner-occupation in Hong Kong			
3. Workshop Unit No. 04 on 5th Floor of Harbour Centre Tower 1 No. 1 Hok Cheung Street Hung Hom Kowloon Hong Kong	HK\$2,900,000	100%	HK\$2,900,000
Group IV – Property interest rented by the Group in Hong Kong			
4. Workshop Units Nos. 05 and 06 on 5th Floor of Harbour Centre Tower 1 No. 1 Hok Cheung Street Hung Hom Kowloon Hong Kong	No Commercial Value	100%	Nil
	Total : HK\$31,200,000		HK\$31,200,000

VALUATION CERTIFICATE

Group I – Property interest held by the Group for owner-occupation in the PRC

No. Property	Description and tenure	Particulars of occupancy	Open Market Value in existing state as at 31 May 2003
1. No. B6-2 of Nan Bing Technological and Industrial Park Zhuhai City Guangdong Province the PRC	<p>The property comprises a parcel of land with a site area of 161,460 sq. ft. (15,000 sq.m.) upon which six buildings and structures are erected.</p> <p>The major buildings and structures of the property include an industrial building, an office building, a research and development building, a storage building, a sewage pump room and a canteen, which have been completed in 2002 with a total gross floor area of approximately 42,129 sq. ft. (3,913.87 sq.m.).</p> <p>The land use rights of the property were granted under a State-owned Land Use Rights Grant Contract dated 28 September 2001 for a term of 50 years.</p>	The property is currently occupied by the Group for industrial and ancillary office uses. The property is the principal manufacturing base of the Company in the PRC.	HK\$23,500,000 (100% interest attributable to the Group: HK\$23,500,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract, Zhu Guo Tu He Zi Nan Bing (2001) Di No. 51, and a State-owned Land Use Rights Grant Supplementary Contract, Zhu Guo Tu He Zi Nan Bing (2001) Di No. 51 Supplementary No. 1, both entered into between the Management Committee of Nan Bing Technological and Industrial Park of Zhuhai Hi-Tech Zone and Kenlap Fine Chemical (Zhuhai) Technology Company, a wholly-owned subsidiary of the Company, dated 28 September 2001 and 12 February 2003 respectively, the former has agreed to grant to the latter the land use rights of the property for a term of 50 years commencing on the issue date of the relevant Construction Land Planning Permit for industrial production and the stipulated necessary ancillary purposes at a consideration of RMB1,188,000.
2. Pursuant to a Construction Land Planning Permit, issued by Zhuhai City Planning Bureau dated 16 November 2001, the property with a site area of 15,000 sq.m. is permitted to be developed for industrial purposes.

3. Pursuant to a Construction Works Planning Permit, issued by Zhuhai City Planning Bureau dated 11 January 2001, construction works for industrial, office, research and development, canteen, sewage pump and storage uses with a total gross floor area of 3,913.87 sq.m. are permitted to be developed on the property.
4. Pursuant to a Real Estate Title Certificate, Yue Fong Di Zheng Zi Di No. 0596896, issued by The Management Committee of Nan Bing Technological and Industrial Park of Zhuhai Hi-Tech Zone dated 20 February, 2003, the land use rights of the property with a site area of 15,000 sq.m. is legally owned by Kenlap Fine Chemical (Zhuhai) Technology Company, a wholly-owned subsidiary of the Company for a term expiring on 13 October 2051.
5. The status of title and grant of major approvals provided by the Company is as follows:

State-owned Land Use Rights Grant Contract	Yes
State-owned Land Use Rights Grant Supplementary Contract	Yes
Real Estate Title Certificate	Yes
Construction Land Planning Permit	Yes
Construction Works Planning Permit	Yes
Business Licence	Yes
6. The opinion given by the PRC legal advisers to the Group contains, inter alia, the following:
 - a. The property can be transferred, sublet and mortgaged freely by Kenlap Fine Chemical (Zhuhai) Technology Company within the residual term of the land use rights granted at no extra land premium or other onerous payment; and
 - b. Kenlap Fine Chemical (Zhuhai) Technology Company is in the process of applying for the Building Ownership Certificates for the buildings and structures of the property and there exists no legal impediments for Kenlap Fine Chemical (Zhuhai) Technology Company to obtain such title documents.
7. We have prepared our valuation on the following assumptions:
 - a. Kenlap Fine Chemical (Zhuhai) Technology Company is in possession of a proper legal title to the property and is entitled to transfer the property with its residual term of land use rights at no extra land premium or other onerous payment payable to the government;
 - b. All land premium and other costs of ancillary utility services have been settled in full;
 - c. The design and construction of the property are in compliance with the local planning regulations and have been approved by the relevant government authorities; and
 - d. The property may be disposed of freely to both local and overseas purchasers.

VALUATION CERTIFICATE

Group II – Property interest held by the Group for investment in Hong Kong

No. Property	Description and tenure	Particulars of occupancy	Open Market Value in existing state as at 31 May 2003
2. Offices A and B on 14th and 15th Floors, Hilltop Plaza (formerly known as Hollywood Tower Nos. 49 and 51 Hollywood Road) No. 49 Hollywood Road Central Hong Kong	The property comprises four office units on the 14th and 15th floors of a high-rise commercial /office building completed in about 1992. The total gross floor area of the property is approximately 2,826 sq.ft. (262.54 sq.m.) and the total saleable area of the property is approximately 1,520 sq.ft. (141.21 sq.m.)	The property is currently vacant and available for lease.	HK\$4,800,000 (100% interest attributable to the Group: HK\$4,800,000)
26/346th equal and undivided shares of and in the Remaining Portion of Section A and the Remaining Portion of Inland Lot No. 200	The property is held from the government under a government lease of Inland Lot No. 200 for a term of 999 years commencing on 8 May 1852.		

Notes:

1. The registered owner of the property is Kenlap P.G.C. Manufacturer Company Limited, which is a wholly owned subsidiary of the Company, vide Memorial No. 8226371 dated 4 October 2000 for a consideration of HK\$6,000,000.
2. The property is subject to a mortgage to secure general banking facilities in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No.8226372 dated 4 October 2000.

VALUATION CERTIFICATE

Group III – Property interest held by the Group for owner-occupation in Hong Kong

No. Property	Description and tenure	Particulars of occupancy	Open Market Value in existing state as at 31 May 2003
3. Workshop Unit No. 04 on 5th Floor of Harbour Centre Tower 1 No. 1 Hok Cheung Street Hunghom Kowloon Hong Kong 50/13205th equal and undivided shares of and in Sections F and H of Kowloon Marine Lot No. 113	The property comprises a workshop unit on the 5th floor within a 15-storey (including a level of basement) industrial building completed in 1989. The gross floor area of the property is approximately 3,332 sq.ft. (309.55 sq.m.) and the saleable area is approximately 2,584 sq.ft. (240.06 sq.m.). The property is held under Conditions of Exchange No. 11128 as modified by two Modification Letters vide Memorial Nos. 2396801 and 3182599 for a term of 75 years commencing on 15 September 1972.	The property is currently occupied by the Group for workshop and ancillary office uses.	HK\$2,900,000 (100% interest attributable to the Group: HK\$2,900,000)

Notes:

1. The registered owner of the property is Kenlap P. G. C. Manufacturer Company Limited, which is a wholly-owned subsidiary of the Company, vide Memorial No. 7726766 dated 12 March 1999 for a consideration of HK\$2,900,000.
2. The property is subject to a mortgage to secure general banking facilities in favour of The Hongkong and Shanghai Banking Corporation Limited vide Memorial No. 8226368 dated 4 October 2000.

VALUATION CERTIFICATE

Group IV – Property interest rented by the Group in Hong Kong

No. Property	Description and tenure	Particulars of occupancy	Open Market Value in existing state as at 31 May 2003
4. Workshop Units Nos. 05 and 06 on 5th Floor of Harbour Centre Tower 1 No. 1 Hok Cheung Street Hung Hom Kowloon Hong Kong	<p>The property comprises two workshop units on the 5th floor within a 15-storey (including a level of basement) industrial building completed in 1989.</p> <p>The total gross floor area of the property is approximately 6,664 sq.ft. (619.1 sq.m.) and the total saleable area is approximately 5,168 sq.ft. (480.12 sq.m.)</p> <p>The property is leased by the Group from an independent third party landlord under a tenancy agreement dated 4 December 2001 for a term of two years from 1 December 2001 to 30 November 2003 at a monthly rental of HK\$45,000 exclusive of Government Rates, management fees and all other relevant outgoings. The tenancy contains a rent-free period from 1 December 2001 to 30 December 2001.</p>	The property is currently occupied by the Group for workshop and ancillary office uses.	No Commercial Value

Note:

The tenant of the property is Kenlap P.G.C. Manufacturer Company Limited, which is a wholly-owned subsidiary of Company.