



Ocean Grand Holdings Limited

海域集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock code: 1220)

CONNECTED TRANSACTION

Summary

The Directors announce that the Agreement was entered into between Nanfang-Sanshui and OGD on 8 July 2004 regarding the purchase of 1,390 metric tones of hot dipped galvanized steel sheet coil (the "Steel Sheet") for a cash consideration of US\$869,600 (approximately HK\$6,800,000).

As Nanfang-Sanshui is a connected party for the purposes of the Listing Rules, the Agreement constitutes a connected transaction for the purposes of Chapter 14A of the Listing Rules. The Agreement was on normal commercial terms and is only subject to the reporting and announcement requirements set out in Chapter 14A and is exempt from the independent shareholders' approval requirements of Chapter 14A.

The Directors announce that an agreement was entered into between Nanfang-Sanshui and OGD on 8 July 2004 regarding the purchase of 1,390 metric tones of hot dipped galvanized steel sheet coil (the "Steel Sheet") for a cash consideration of US\$869,600 (approximately HK\$6,800,000) (the "Agreement"). The Steel Sheet was purchased as a one-off back-to-back trading transaction in which OGD sold the Steel Sheet to a customer (the "Customer") immediately for a profit.

Payment under the Agreement will be made by letter of credit on sight. Such letter of credit will be available for negotiation upon presentation to the bank of the following documents on or before 21 days after delivery, without discrepancy: (1) invoice; (2) cargo receipt/bill of lading; (3) packing list; and (4) mill certificate.

The Customer is not connected with any of the directors, chief executive and substantial shareholders of the Company or any of its subsidiaries or any of their respective associates.

The Group is a manufacturer of aluminium extrusion products, is also engaged in the business of electroplating chemicals and stainless steel products, and it does not produce hot dipped galvanized steel sheet.

Nanfang-Sanshui is principally engaging in the manufacturing of hot dipped galvanized steel sheet. Steel plates or coils are purchased and then galvanized, i.e. to coat with zinc, and then rolled into coils to become the end products. Nanfang-Sanshui is not engaging in any business which is in competition with the Group.

The Company believes that Nanfang-Sanshui is a reliable supplier with a ready source of the Steel Sheet at market prices to fulfil the Customer's requirement. A decision was therefore made by the Company to source the Steel Sheet from Nanfang-Sanshui and not other third party suppliers.

The price for the supply of the Steel Sheet by Nanfang-Sanshui to OGD under the Agreement is comparable to market prices of hot dipped galvanized steel sheet coil in the PRC. The Company has been informed by Nanfang-Sanshui that such price is within the range of prices charged by Nanfang-Sanshui to its other third party purchasers.

Nanfang-Sanshui is wholly owned by Nanfang-HK, which is in turn owned as to 90% by Ms Yip and 10% by Ms Wu. Ms Yip (the sister of Mr Yip) and Mr Li (the spouse of Ms Wu) are both executive Directors. In addition, Ms Yip and Mr Li are both directors of OGD. Mr Li is also a director of both Nanfang-HK and Nanfang-Sanshui. Mr Or is a director of Nanfang-HK. Mr Lin is a director of Nanfang-Sanshui.

Consequently, the Agreement constitutes a connected transaction for the purposes of Chapter 14A of the Listing Rules. The Agreement was on normal commercial terms and each of the relevant percentage ratios is less than 2.5% for the purposes of rule 14A.32 of the Listing Rules and is only subject to the reporting in the next annual report of the Company for the financial year ending 31 December 2004 and the announcement requirements set out in Chapter 14A and is exempt from the independent shareholders' approval requirements of Chapter 14A.

The benefits which are expected to accrue to the Company as a result of the transaction is that (1) it is able to purchase the Steel Sheet and immediately resell to the Customer for a profit to the Group; and (2) it is able to satisfy the Customer's requirements and retain the custom of that Customer in the business of the Group going forward.

The consideration under the Agreement was negotiated at arm's length terms. The Directors consider the transaction to be on normal commercial terms and in the ordinary and usual course of business of the Group. The Directors, including the independent non-executive Directors, also believe such terms to be fair and reasonable and in the interests of the shareholders as a whole.

Definitions:

"Agreement"	means the agreement as described in the first paragraph of this announcement;
"Company"	means Ocean Grand Holdings Limited, a company listed on the main board of the Stock Exchange;
"Customer"	means the customer of the Group as described in the first and third paragraphs of this announcement;
"Directors"	means the directors of the Company;
"Group"	means the Company and its subsidiaries;
"HK\$" / "HKS"	Hong Kong dollars, the lawful currency of Hong Kong;
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC;
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange;
"Mr Li"	means Mr Li Lee Cheung, an executive Director of the Company, a director of OGD, Nanfang-HK and Nanfang-Sanshui;
"Mr Lin"	means Mr Lin Jianping, an executive director of Ocean Grand Chemicals Holdings Limited (incorporated in Bermuda), a 74.78% subsidiary of the Company and which is listed on the main board of the Stock Exchange, a director of Asia Pacific Holdings (China) Limited (incorporated in Bahamas) of which approximately 49% of its issued shares are held by the Company, and a director of Nanfang-Sanshui;
"Mr Or"	means Mr Or Kwong Yiu, Brian, a director and the company secretary of OGC Management Services Limited, a 74.78% subsidiary of the Company and a director of Nanfang-HK;
"Mr Yip"	means Mr Yip Kim Po, the chairman and controlling shareholder of the Company;

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“Ms Wu”	means Ms Wu Siu Yu, Patty, the spouse of Mr Li;
“Ms Yip”	means Ms Yip Wan Fung, an executive Director of the Company, a director of OGD and Sanshui-HK, and the sister of Mr Yip;
“Nanfang-HK”	means Nanfang Galvanized Aluminium Sheet (Hong Kong) Company Limited, a company incorporated in Hong Kong and legally and beneficially owned as to 90% by Ms Yip and 10% by Ms Wu;
“Nanfang-Sanshui”	means Hongli Nanfang Galvanized Sheet (Sanshui) Company Limited, a wholly foreign-owned enterprise established in the PRC and wholly owned by Nanfang-HK;
“OGD”	means OG Development Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
“PRC”	means the People’s Republic of China;
“Steel Sheet”	means the hot dipped galvanized steel sheet in coil as described in the first paragraph of this announcement;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited; and
“US\$”	means United States dollars, the lawful currency of the United States, which has been converted from US\$ to HK\$ at the exchange rate of US\$1 = HK\$7.80 for the purposes of this announcement.

By Order of the Board
Ocean Grand Holdings Limited
Hui Ho Ming, Herbert
Deputy and Vice Chairman

Hong Kong, 14 July 2004

As at the date of this announcement, the board of Directors comprises Mr Yip Kim Po (Chairman), Mr Hui Ho Ming, Herbert, JP (Deputy and Vice Chairman), Mr Kwan Yan, Mr Li Lee Cheung and Ms Yip Wan Fung as executive Directors and Mr Choy Tak Ho, Mr Chau Po Fan and Mr Lee Kwan Ho, Vincent Marshall as independent non-executive Directors.

* *For identification purpose only*

Please also refer to the published version of this announcement in The Standard dated 15 July 2004.