OCEAN GRAND CHEMICALS HOLDINGS LIMITED

(Provisional Liquidators Appointed)

海域化工集團有限公司*

(已委任臨時清盤人)

(Incorporated in Bermuda with limited liability)

(Stock code: 2882)

ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

The board of directors (the "Board") of Ocean Grand Chemicals Holdings Limited (Provisional Liquidators Appointed) (the "Company") announces that the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 March 2007 together with comparative figures for the corresponding year in 2006 are as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2007

	Notes	**2007** *HK$'000*	**2006** *HK$'000*
Turnover	*5*	131,871	1,006,661
Cost of sales		(188,676)	(887,513)
Gross (loss)/profit		(56,805)	119,148
Other income		4,866	845
Increase in fair value of investment properties		1,310	470
General and administrative expenses		(14,184)	(35,830)
Loss on deconsolidation of a subsidiary		–	(31,727)
Impairment loss on investment cost in a deconsolidated subsidiary		–	(110,000)
Reversal of impairment loss/ (Impairment loss on amount due from a deconsolidated subsidiary)		58	(109,345)
Other operating expenses		(110,595)	(290,208)
Loss from operations		(175,350)	(456,647)
Finance costs		(2,144)	(21,432)
Loss before taxation	*11*	(177,494)	(478,079)
Income tax	*6*	–	(1,180)
Loss attributable to equity holders of the Company		(177,494)	(479,259)
Dividends	*7*	–	12,175
Loss per share	*8*		
– Basic		HK(35.70 cents)	HK(98.67 cents)
– Diluted		HK(35.70 cents)	HK(98.67 cents)

CONSOLIDATED BALANCE SHEET

As at 31 March 2007

	Notes	**2007**	**2006**
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		6,580	5,270
Property, plant and equipment		5,338	5,825
Lease premium on land		1,328	1,340
Intangible assets		–	–
		13,246	12,435
Current assets			
Current portion of lease premium on land		12	11
Inventories		2,181	10,014
Trade and other receivables	*9*	123	93,689
Tax recoverable		788	501
Bank balances and cash		77,044	47,079
		80,148	151,294
Current liabilities			
Trade and other payables	*10*	30,491	51,599
Short-term bank borrowings		294,451	180,179
Amount due to a deconsolidated subsidiary		238	269
Short-term notes		120,544	119,618
Current portion of obligations under finance leases		–	110
		445,724	351,775
Net current liabilities		(365,576)	(200,481)
Total assets less current liabilities		(352,330)	(188,046)
Non-current liabilities			
Obligations under finance leases		–	96
		–	96
Net liabilities		(352,330)	(188,142)
EQUITY			
Share capital		49,790	48,700
Reserves		(402,120)	(236,842)
Equity attributable to equity holders of the Company		(352,330)	(188,142)

Notes:

1. GENERAL

Ocean Grand Chemicals Holdings Limited (the "Company") was incorporated as an exempted company with limited liability in Bermuda and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Provisional liquidators of the Company were appointed on 24 July 2006. Its former ultimate holding company is Ocean Grand Holdings Limited, a company which is incorporated in Bermuda and listed on the Stock Exchange. The shares of the Company and its former ultimate holding company have been suspended for trading on the Stock Exchange since 17 July 2006. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business of the Company is located at Rooms A & B, 15/F., Hilltop Plaza, 49 Hollywood Road, Central, Hong Kong.

The Company is an investment holding company. At 31 March 2007, the Company's subsidiaries (which together with the Company are collectively referred to as "the Group") were principally engaged in the subcontracting, manufacturing and trading of precious metal electroplating chemicals in the PRC and Hong Kong. The operations of the Group have ceased since the appointment of provisional liquidators of the Company on 24 July 2006 and the Group has reactivated its trading of the electroplating chemicals through a newly incorporated subsidiary of the Company Trump Power Limited ("TPL") since November 2007.

The consolidated financial statements are presented in Hong Kong dollars ("HK$"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

2. WINDING-UP PETITIONS AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

In July 2006, in view of the discovery by the directors of the Company that significant amount of funds in its subsidiary were transferred out of the Group which resulted in difficulties for the Group to meet its short term debts, the directors voluntarily resolved to apply for suspension of trading in its shares on the Stock Exchange and to apply to the courts in Hong Kong and Bermuda respectively for the appointment of provisional liquidators in order to protect the assets of the Group and to safeguard the interests of both the creditors and the shareholders.

As a result of the applications, Messrs. Lai Kar Yan (also known as Lai Kar Yan, Derek) and Joseph Kin Ching Lo, both of Deloitte Touche Tohmatsu ("Deloitte"), have been appointed as the joint and several provisional liquidators of the Company ("Provisional Liquidators") by the order of the High Court of Hong Kong ("High Court") of 24 July 2006 and by the order of the Supreme Court of Bermuda of 25 July 2006 ("Orders").

Pursuant to the terms of the Orders, the Provisional Liquidators may, among other things, exercise the powers to take into their custody and protect the assets of the Company and carry on and stabilise the operations of the Group, including facilitating a restructuring of the Company.

The hearing of the winding-up petition was originally scheduled on 20 September 2006 and the High Court adjourned the winding-up petition against the Company to 25 September 2006. The High Court then further adjourned the hearing of the winding-up petition to 18 December 2006, 16 April 2007, 20 August 2007, 24 December 2007, 23 June 2008 and 22 December 2008.

The Company also filed a winding-up petition against Kenlap PGC, a major subsidiary of the Company, to the High Court on 3 August 2006. Pursuant to the order of the High Court, Messrs. Lai Kar Yan, Derek and Darach E. Haughey of Deloitte were appointed as the joint and several provisional liquidators of Kenlap PGC.

A winding-up order was made against OGC Management Services Limited ("OGC Management"), a subsidiary of the Company, was filed on 7 February 2007.

The petitions against the Company will be withdrawn upon the successful implementation of the Restructuring Agreement as referred to note 3 below.

The Company shall, inter alia, transfer the entire issued share capital of Kenlap PGC and OGC Management to the scheme administrators or their nominees upon completion of the Restructuring Agreement as referred to note 3 below. Therefore, the winding up petitions against Kenlap PGC and OGC Management will not affect the Group after completion of the Restructuring Agreement.

3. BASIS OF PREPARATION

(i) Going Concern

The Group sustained a loss attributable to equity holders of the Company of approximately HK$177 million for the year ended 31 March 2007 (2006: HK$479 million). As at 31 March 2007, the Group had net current liabilities of approximately HK$366 million (2006: HK$200 million) and net liabilities of approximately HK$352 million (2006: HK$188 million). These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Restructuring Agreement

On 22 February 2008, the Company announced that a conditional agreement for the proposed restructuring of the Group, involving capital reorganisation, debt restructuring, subscription of new shares and subscription of preference shares, was entered into on 8 October 2007 among the Company, Perfect Ace Investments Limited (the "Investor"), the Provisional Liquidators and an escrow agent, and an addendum thereto was executed by the relevant parties on 14 December 2007 (the said agreement together with the said addendum collectively the "Restructuring Agreement"). The principal elements of the restructuring proposal are as follows:

a) Capital Restructuring

The Company will undergo capital restructuring, involving share consolidation, capital reduction and authorised share capital change.

b) Subscription

Pursuant to the Restructuring Agreement, immediately after the implementation of the capital restructuring, the Investor will subscribe for the following:

(i) 357,000,000 new shares of HK$0.01 each at the subscription price of HK$0.14 each; and

(ii) 1,071,000,000 preference shares of par value of HK$0.01 each carrying the right to convert into ordinary shares at the ratio of one to one at the subscription price of HK$0.14 each.

(c) Debt Restructuring

Pursuant to the Restructuring Agreement, the debt restructuring will be effected through both the Hong Kong and the Bermuda schemes of arrangement between the Company and the creditors. All the Company's indebtedness (including but not limited to any guarantee or indemnity given by the Company) will be compromised and discharged in full in return for (i) a cash payment of HK$50 million, which is funded by the Company out of the proceeds of the subscription of shares by the Investor; and (ii) the issuance of a total of 45,000,000 new shares to the creditors at nil consideration, representing approximately 9.96% of the enlarged issued share capital of the Company upon completion of restructuring, with a put option to sell all or part of the new shares to be issued under the schemes to the Investor at the price of approximately HK$0.2222 per new share (equivalent to HK$9,999,000 assuming put options are fully exercised). The put options will be exercisable within six months from the date of the scheme administrators transferring the new shares to the creditors.

On 2 October 2007, Brand New Management Limited ("Brand New"), a new wholly-owned subsidiary of the Company, was incorporated in the British Virgin Islands. Brand New is an investment holding company which beneficially owns 100% interest in Trump Power Limited ("TPL"). TPL was incorporated in Hong Kong on 10 October 2007. Since November 2007, the Company has reactivated its trading of the electroplating chemicals through TPL.

Save for Brand New and TPL, the issued shares of all subsidiaries directly or indirectly held by the Company, will be transferred to the scheme administrators or their nominees for the benefit of the creditors at a nominal consideration of HK$1 as a term of the Hong Kong scheme and the Bermuda scheme

The directors have prepared the consolidated financial statements on the basis that the restructuring of the Company will be implemented in accordance with its terms and the Group will be able to improve its financial position and business upon completion of the proposed restructuring. As at the date of approval of the consolidated financial statements, the Directors are not aware of any circumstances or reasons that would likely affect the implementation of the restructuring proposal. In light of the foregoing, the directors opined that it is appropriate to prepare the consolidated financial statements on a going concern basis. The consolidated financial statements do not incorporate any adjustments for possible failure of the above-mentioned restructuring proposal and the continuance of the Group as a going concern.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

(ii) *Deconsolidation of A Subsidiary*

The consolidated financial statements have been prepared based on the books and records maintained by the Company and its subsidiaries. However, due to the major assets and production facilities of Kenlap Fine Chemical (Zhuhai) Technology Company Limited ("Kenlap Zhuhai"), a major subsidiary of the Company, were subject to freezing orders obtained by the creditors in the PRC and most of the accounting personnel of the Group have left, the directors have been unable to obtain sufficient documentary information to satisfy themselves regarding the treatment of various balances of the Group as at 31 March 2007, the directors have not been able to obtain access to the books and records of Kenlap Zhuhai and considered that control has been lost. The results, assets and liabilities of Kenlap Zhuhai were not included into the consolidated financial statements of the Group as of 1 April 2005. In the opinion of the directors, the consolidated financial statements for the year ended 31 March 2007 prepared on the aforementioned basis present more fairly the results and state of affairs of the Group as a whole in light of the Company no longer had control over Kenlap Zhuhai.

(iii) A winding-up order against OGC Management was made on 7 February 2007, the directors considered that the control of the company has been lost. As a result, the unaudited management accounts of the OGC Management for the year ended 31 March 2007 are the only financial information made available to the management, and therefore, the unaudited management accounts of OGC Management for the year ended 31 March 2007 were included in the consolidated financial statements for the year ended 31 March 2007. Accordingly, the directors are unable to satisfy themselves that the results, assets and liabilities of OGC Management have been properly included in the consolidated financial statements of the Group were fairly stated.

The following amounts are based on the unaudited management accounts of OGC Management, as included in the consolidated financial statements were summarised as follows:

	2007	2006
	HK$'000	*HK$'000*
General and administrative expenses	6,917	13,915
Other operating expenses	–	285
Income tax charge	–	329
Trade and other receivables	–	384
Bank balances and cash	–	768
Amount due to a deconsolidated subsidiary	238	269
Trade and other payables	168	847
Tax recoverable	(160)	(203)

(iv) The Provisional Liquidators, the Commercial Crime Bureau of the Hong Kong Police Force (the "CCB") conducted a number of searches at the Group's premises, seized documents and records and interviewed staff of the Group in view of the accounting irregularities. Apparently there has been a falsification of accounting records and documents of the major operating subsidiaries of the Group. It is clear that there is a significant shortfall in the realisable value of the assets of the Group. Therefore the directors were unable to satisfy themselves as to the validity, completeness and genuineness of the financial information on the Group's subsidiaries in the PRC provided to the Group's Hong Kong management team.

Due to the limited financial information available and freezing orders against the assets of Kenlap Zhuhai and most of the former accounting personnel of the Group have left, the directors were unable to obtain sufficient documentary information to satisfy themselves regarding the genuineness of books and records and the treatment of various balances as included in the consolidated financial statements for the year ended 31 March 2007 and have formed the opinion as follows:

(a) The directors were unable to satisfy themselves as to whether the amount due to a deconsolidated subsidiary of approximately HK$238,000 (2006: HK$269,000) included in the consolidated balance sheet as at 31 March 2007 is fairly stated in the consolidated financial statements.

(b) The consolidated financial statements have been prepared based on the available books and records maintained by the Group. However, in view of the lack of evidence, the directors were unable to represent that all transactions entered into by the Group for the year ended 31 March 2007 have been properly reflected in the books of account and in the consolidated financial statements. In this context, the directors are also unable to represent as to the completeness and correctness of identification and the disclosures of turnover in note 5, income tax in note 6, trade and other receivables in note 9 and trade and other payables in note 10 to the consolidated financial statements.

(c) The directors were unable to obtain sufficient documentary evidence to support short term bank borrowings of approximately HK$294,451,000 included in the consolidated balance sheet, including the liabilities under indemnities or guarantees given to deconsolidated subsidiary of HK$95,580,000. Accordingly, the directors were unable to satisfy themselves as to whether these amounts are fairly stated in the consolidated financial statements.

(d) Due to limited books of account and records available to the directors, the following disclosures have not been made in the consolidated financial statements:

- Details of the retirement benefit scheme and the employee benefits as required by HKAS 19 “Employee Benefits”;
- Segment information disclosures as required by HKAS 14 “Segment Reporting” and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”);
- Details of related party disclosures as required by HKAS 24 “Related Party Disclosures”;
- Details of the Group’s financial risk management objectives and policies as required by HKAS 32 “Financial Instruments: Presentation”;
- Details of the Group’s aging of debtors and creditors as required by the Listing Rules;
- Details of deferred taxation as required by HKAS 12 “Income Taxes”;
- Details of contingent liabilities and commitments as required by the Hong Kong Companies Ordinance and Hong Kong Financial Reporting Standards; and
- Details of analysis of pledge of assets as required by the Hong Kong Companies Ordinance.

(e) Due to insufficient information available to the directors, the consolidated financial statements do not contain a consolidated cash flow statement as required by HKAS 7 “Cash Flow Statements”.

Any adjustments arising from the matters described above would have a consequential significant effect on the loss of the Group for the year ended 31 March 2007 and net liabilities of the Group as at 31 March 2007.

Also, as a result of the matters described above, the comparative figures at 31 March 2006 shown in the consolidated balance sheet and in the consolidated income statement for the year then ended may not be comparable with the figures for the current year.

4. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

In the current year, the Group has applied, for the first time, the new standards, amendments and interpretations (“new HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) which are relevant to its operations and effective for the Group’s financial year beginning on or after 1 January 2006. The adoption of the new HKFRSs has no material impact on the Group’s results and financial position for the current or prior years, and does not result in any significant changes in the accounting policies of the Group. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new and revised standards, amendments or interpretations that have been issued but are not yet effective. The directors anticipate that the application of these new standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

HKAS 1 (Amendment)	Capital Disclosures[(1)]
HKAS 1 (Revised)	Preparation of Financial Statements[(2)]
HKAS 23 (Revised)	Borrowing Costs [(2)]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements [(3)]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations [(2)]
HKFRS 3 (Revised)	Business Combinations [(3)]
HKFRS 7	Financial Instruments: Disclosures [(1)]
HKFRS 8	Operating Segments [(2)]
HK(IFRIC)-Int 8	Scope of HKFRS 2 [(5)]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives [(6)]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment [(7)]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions [(8)]
HK(IFRIC)-Int 12	Service Concession Arrangements [(9)]
HK(IFRIC)-Int 13	Customer Royalty Programmes [(4)]
HK(IFRIC)-Int 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [(9)]

(1) Effective for annual periods beginning on or after 1 January 2007
(2) Effective for annual periods beginning on or after 1 January 2009
(3) Effective for annual periods beginning on or after 1 July 2009
(4) Effective for annual periods beginning on or after 1 July 2008
(5) Effective for annual periods beginning on or after 1 May 2006
(6) Effective for annual periods beginning on or after 1 June 2006
(7) Effective for annual periods beginning on or after 1 November 2006
(8) Effective for annual periods beginning on or after 1 March 2007
(9) Effective for annual periods beginning on or after 1 January 2008

5. TURNOVER

Turnover recognised by category is analysed as follows:

	2007 *HK$'000*	2006 *HK$'000*
Turnover:		
Sale of goods	131,451	380,449
Subcontracting fees	420	-
	131,871	380,449
Suspicion turnover:		
Sale of goods	-	545,633
Subcontracting fees	-	80,579
	-	626,212
Total turnover	131,871	1,006,661

In the opinion of the directors, the suspicion turnover approximates HK$626,212,000 for the year ended 31 March 2006.

6. INCOME TAX

	2007	2006
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax:		
– Current year	–	329
– Under provision in prior year	–	851
Income tax charge	–	1,180

In the opinion of the directors, no provision for Hong Kong Profits Tax has been made in the consolidated financial statements for the year ended 31 March 2007 as the Group did not have any estimated assessable profits for the year (2006: 17.5%).

7. DIVIDENDS

(a) Dividends attributable to the year

No interim dividend has been paid and declared by the Company during the year (2006: HK$0.025 per shares).

The directors do not recommend the payment of a final dividend for the years ended 31 March 2006 and 2007.

(b) Dividends approved and paid during the year

	2007	2006
	HK$'000	*HK$'000*
Interim dividend in respect of 2007 of HK$Nil (2006: HK$0.025) per share	–	12,175
Final dividend in respect of 2006 of HK$Nil (2005: HK$0.03) per share	–	14,610
	–	26,785

8. LOSS PER SHARE

The calculation of basic loss per share for the year ended 31 March 2007 is based on the loss attributable to equity holders of the Company of approximately HK$177,494,000 (2006: HK$479,259,000) and on the weighted average number of 497,197,000 (2006: 485,740,000) ordinary shares.

The calculation of diluted loss per share for the year ended 31 March 2007 is based on the loss attributable to equity holders of the Company of approximately HK$177,494,000 (2006: HK$479,259,000) and on the weighted average number of 497,221,000 (2006: 485,740,000) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme.

9. TRADE AND OTHER RECEIVABLES

The Group allows a credit period normally ranging from 30 to 90 days to its trade customers.

	2007 *HK$'000*	2006 *HK$'000*
Trade receivables	251,473	334,064
Less: Impairment loss of trade receivables *(Note 9a)*	(251,473)	(250,021)
	–	84,043
Other receivables:		
Deposits, prepayment and other debtors	15,585	25,108
Due from former ultimate holding company *(Note 9c)*	450	–
Due from a former fellow subsidiary *(Note 9c)*	341	–
	16,376	25,108
Less: Impairment loss of other receivables *(Note 9b)*	(16,253)	(15,462)
	123	9,646
	123	93,689

Note:

a) Impairment loss of trade receivables:

Movement of the provision for impairment of trade receivables were as follows:

	2007 *HK$'000*	2006 *HK$'000*
Beginning of the year	250,021	8,768
Provision for impairment for trade receivables	1,452	241,253
	251,473	250,021

b) Impairment loss of other receivables:

Movement of the provision for impairment of other receivables were as follows:

	2007	**2006**
	HK$'000	*HK$'000*
Beginning of the year	15,462	–
Provision for impairment for other receivables	–	15,462
Provision for impairment for amount due from former ultimate holding company	450	–
Provision for impairment for amount due from a former fellow subsidiary	341	–
	16,253	15,462

c) The amounts due from former ultimate holding company and a former fellow subsidiary are unsecured, interest-free and has no fixed repayment terms.

The directors have formed the opinion that the amounts due from former ultimate holding company and due from former fellow subsidiary to the Group of approximately HK$450,000 and HK$341,000 respectively included in the consolidated balance sheet cannot be recovered. Accordingly, the directors have made provisions for impairment losses against these amounts. The directors consider the carrying amounts of trade and other receivables approximate their fair value.

10. TRADE AND OTHER PAYABLES

	2007	**2006**
	HK$'000	*HK$'000*
Trade payables	28,875	47,425
Other payables		
Accrued charges and other creditors	1,616	4,174
	30,491	51,599

11. LOSS BEFORE TAXATION

	2007	2006
	HK$'000	*HK$'000*
This is stated after charging:		
(a) Finance costs		
Interest on bank overdrafts and borrowings wholly repayable within five years	1,278	11,451
Finance charges on obligations under finance leases	5	12
Other borrowing costs	861	9,969
	2,144	21,432

	2007	2006
	HK$'000	*HK$'000*
(b) Other items		
Amortisation of lease premium on land	11	12
Amortisation of intangible assets	–	1,450
Auditors' remuneration		
– Current year	550	550
– Under provision in previous year	900	–
Bad debts written off	–	2
Cost of inventories and services provided	188,676	887,513
Depreciation	642	1,630
Loss on exchange	1,099	–
Loss on inventories	8,566	–
Operating lease charges on:		
– Premises	2,333	3,524
– Others	–	720
Other receivable written off	2,487	2,287
Impairment loss of amount due from former fellow subsidiaries	341	–
Impairment loss of amount due from former ultimate holding company	450	–
Impairment loss of trade receivables	1,452	241,253
Impairment loss of other receivables	–	15,462
Impairment loss of property, plant and equipment	–	1,852
Impairment loss of intangible assets	–	4,350
Income tax written off	26	–
Staff costs, including directors' emoluments:		
– Wages and salaries	5,878	12,363
– Equity settled share-based transactions	–	10,177
– Contributions to defined contribution plans	174	226

BUSINESS REVIEW

The principal activity of the Company is investment holding and the principal activities of subsidiaries were engaged in the subcontracting, manufacturing and trading of precious metal electroplating chemicals in the PRC and Hong Kong.

RESTRUCTURING OF THE GROUP

On 22 February 2008, the Company announced that a conditional agreement for the proposed restructuring of the Group, involving capital reorganisation, debt restructuring, subscription of new shares and subscription of preference shares, was entered into on 8 October 2007 among the Company, Perfect Ace Investments Limited (the "Investor"), the Provisional Liquidators and an escrow agent, and an addendum thereto was executed by the relevant parties on 14 December 2007 (the said agreement together with the said addendum collectively the "Restructuring Agreement").

On 2 October 2007, Brand New Management Limited ("Brand New"), a new wholly-owned subsidiary of the Company, was incorporated in the British Virgin Islands. Brand New is an investment holding company which beneficially owns 100% interest in Trump Power Limited ("TPL"). TPL was incorporated in Hong Kong on 10 October 2007. Since November 2007, the Company has reactivated its trading of the electroplating chemicals through TPL.

The Investor would become the controlling shareholder of the Company upon completion of the proposed restructuring of the Group as contemplated under the Restructuring Agreement.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 March 2007.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERANCE PRACTICES

The Company's code on corporate governance practices was adopted by reference to the provisions of the Code on Corporate Governance Practices (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules"). However, due to the severe financial difficulties of the Group and the prolonged suspension in trading of the shares of the Company on the Stock Exchange, the directors are unable to comment as to whether the Company has complied with the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the year ended 31 March 2007.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Trading in the shares of the Company has been suspended since 17 July 2006 and directors are of the opinion that since the date of shares trading suspension, the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules is not applicable.

AUDIT COMMITTEE

Due to the severe financial difficulties of the Group and the prolonged suspension in trading of the securities of the Company on the Stock Exchange, up to the date of this report no independent non-executive directors were appointed as required by Rule 3.19 and Rule 3.21 of the Listing Rules following their resignations in July 2006. And as a result, the audited accounts of the Group for the year ended 31 March 2007 have not been reviewed by the Audit Committee.

AN EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The Company's auditors have qualified their report on the Group's consolidated financial statements for the year ended 31 March 2007, an extract of which is as follows:

BASIS FOR DISCLAIMER OF OPINION

1. Our report on the consolidated financial statements of the Group for the year ended 31 March 2006 was disclaimed in view of the pervasive nature of the limitation on the scope of our audit resulting from the inability of the directors to locate sufficient documentary information. It was explained by the directors that due to, among other things, major assets and production facilities of a major subsidiary were subject to freezing orders obtained by the creditors in the PRC and most of the accounting personnel of the Group have left, the directors have been unable to obtain sufficient documentary information. Accordingly, we were unable to form an opinion as to whether the net liabilities of the Group as at 31 March 2006 were fairly stated. Any adjustments to the opening balances as at 1 April 2006 would affect the net liabilities of the Group as at 31 March 2007 and the results and of the Group for the year ended 31 March 2007. Also the comparative figures in respect of the net liabilities of the Group as at 31 March 2007 and results of the Group for the year ended 31 March 2006 may not be comparable with the figures for the current year.

2. As explained by the directors in note 3(iii) to the consolidated financial statements, a winding-up order was made against OGC Management Services Limited ("OGC Management"), a subsidiary of the Company, on 7 February 2007 and the directors considered that the control of the company has been lost. As a result, the unaudited management accounts of OGC Management for the year ended 31 March 2007 are the only financial information made available to the management and therefore, the unaudited management accounts of OGC Management for the whole year from 1 April 2006 to 31 March 2007 were included in the consolidated financial statements for the year ended 31 March 2007. Accordingly, we have been unable to perform any satisfactory audit procedures necessary to obtain sufficient appropriate audit evidence to satisfy ourselves as to the reliability of the amounts and related balances of OGC Management as included in the consolidated financial statements for the year ended 31 March 2007 were fairly stated, and to determine as to whether all appropriate disclosures have been included in the consolidated financial statements in accordance with the disclosure requirements of the Hong Kong Financial Reporting Standards and the Hong Kong Companies Ordinance. The unaudited management accounts of OGC Management were included in the consolidated financial statements for the year ended 31 March 2007 are summarised in note 3(iii) to the consolidated financial statements.

3. As explained by the directors in notes 3(ii) & (iv) to the consolidated financial statements that due to accounting irregularities uncovered by the Provisional Liquidators, the Commercial Crime Bureau of the Hong Kong Police Force (the "CCB") conducted a number of searches at the Group's premises, seized documents and records and interviewed staff of the Group, the major assets and production facilities of a subsidiary, Kenlap Fine Chemical (Zhuhai) Technology Company Limited ("Kenlap Zhuhai") were subject to freezing orders obtained by the creditors in the PRC, only limited financial information is available and most of the accounting personnel of the Group have left, the directors have been unable to obtain sufficient documentary information to satisfy themselves regarding the genuineness of books and records and treatment of various balances of the Group as at 31 March 2007 and have formed the opinion as follows:

(a) As further explained by the directors in note 3(iv)(a) to the consolidated financial statements, the directors were unable to satisfy themselves as to whether the amount due to a deconsolidated subsidiary of approximately HK$238,000 (2006: HK$269,000) included in the consolidated balance sheet as at 31 March 2007 is fairly stated in the consolidated financial statements.

(b) As further explained by the directors in 3(iv)(b) to the consolidated financial statements, the consolidated financial statements have been prepared based on the available books and records maintained by the Group. However, in view of the lack of evidence, the directors were unable to represent that all transactions entered into by the Group for the year ended 31 March 2007 have been properly reflected in the books of account and in the consolidated financial statements. In this context, the directors are also unable to represent as to the completeness and correctness of the identification and disclosures of turnover in note 6, other income in note 7, loss on deconsolidation of a subsidiary, and impairment loss on investment cost and amount due from a deconsolidated subsidiary in note 8, finance costs in note 9(a), directors' and senior executives', remuneration in note 10, income tax in note 11, inventories in note 19, trade and other receivables in note 20, trade and other payables in note 22, bank borrowings in note 23, short-term notes in note 25, obligations under finance leases in note 26 and share options in note 28, commitments in note 29 and contingent liabilities in note 30 to the consolidated financial statements.

(c) The directors have formed the opinion that the amount due from a deconsolidated subsidiary to the Group of approximately HK$109,287,000 (2006: HK$109,345,000) included in the consolidated balance sheet as at 31 March 2007 cannot be recovered. Accordingly, the directors have made provision for impairment loss for this amount. However, as explained in (b) above, in view of the lack of evidence available, we were unable to obtain sufficient information and explanations regarding the basis upon which the directors have determined the amount of such provision. Accordingly, we were unable to satisfy ourselves as to whether the reversal of impairment loss and provision for this amount as included in the consolidated income statement in current or prior year respectively were appropriate and as to whether the amount due from this deconsolidated subsidiary, after impairment made, is fairly stated at the balance sheet date.

(d) As further explained by the directors in note 3(iv)(c) to the consolidated financial statements, the directors were unable to obtain sufficient documentary evidence to support bank borrowings of approximately HK$294,451,000 included in the consolidated balance sheet, including the liabilities under indemnities or guarantees given to deconsolidated subsidiary of approximately HK$95,580,000. Accordingly, the directors were unable to satisfy themselves as to whether these amounts are fairly stated in the consolidated financial statements.

4. We have not been able to obtain sufficient direct confirmations or other documentary evidence from the Group's certain bankers and loan providers, trade and other creditors and its PRC deconsolidated subsidiary, in respect of amounts due to them in the amounts of approximately HK$414,995,000, HK$30,491,000 and HK$238,000 respectively, included in the consolidated balance sheet as at 31 March 2007. Accordingly, we were unable to satisfy ourselves as to whether these amounts were fairly stated in the consolidated financial statements.

5. We were unable to attend the counting of the physical inventories at 31 March 2007 and insufficient documentary evidence made available to us, we were unable to carry out auditing procedures necessary to obtain adequate assurance regarding the quantities and condition of the inventories of approximately HK$2,181,000 (2006: HK$10,014,000) included in the consolidated financial statements. Accordingly, we were unable to satisfy ourselves as to whether the inventories are fairly stated in the consolidated financial statements.

6 We have not been able to obtain all necessary information for us to complete our review of subsequent events from the balance sheet date up to the date of this report. Such procedures might have resulted in the identification of adjustments to the amounts reported in and/or disclosed as notes to the consolidated financial statements of the Group as at 31 March 2007.

7. As explained in note 3(iv)(d) to the consolidated financial statements, due to limited books and records available to the directors, the following disclosures have not been made in the consolidated financial statements:

(a) Details of the retirement benefit scheme and the employee benefits as required by HKAS 19 "Employee Benefits";

(b) Segment information disclosures as required by HKAS 14 "Segment Reporting" and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules");

(c) Details of related party disclosures as required by HKAS 24 "Related Party Disclosures";

(d) Details of the Group's financial risk management objectives and policies as required by HKAS 32 "Financial Instruments: Presentation";

(e) Details of the Group's aging of debtors and creditors as required by the Listing Rules;

(f) Details of deferred taxation as required by HKAS 12 "Income Taxes";

(g) Details of contingent liabilities and commitments as required by the Hong Kong Companies Ordinance and Hong Kong Financial Reporting Standards; and

(h) Details of analysis of pledge of assets as required by the Hong Kong Companies Ordinance.

8. As explained in note 3(iv)(e) to the consolidated financial statements, the consolidated financial statements do not contain a consolidated cash flow statement. This is not in accordance with the requirements of HKAS 7 "Cash Flow Statements". In our opinion, information about the Group's cash flows is necessary for a proper understanding of the Group's state of affairs and loss for the year ended 31 March 2007. It is not practicable to quantify the effects of the departure from this requirement.

FUNDAMENTAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS

In forming our opinion, we have considered the adequacy of the disclosures in note 3(i) to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Company has entered into a conditional agreement with, among others, an investor for the purpose of restructuring of the Company's indebtedness and revitalising the Group's business. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcome of the measures to be implemented and in process by the Group to improve the financial position and business of the Group. The consolidated financial statements do not include any adjustments that would result from the failure of these measures. We consider that the appropriate disclosures have been made but, because of the significant uncertainties relating to the outcome of the restructuring proposal are so extreme, we are unable to determine whether the going concern basis used in preparing these consolidated financial statements are appropriate. Accordingly, we have disclaimed our opinion.

DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY CONSOLIDATED FINANCIAL STATEMENTS

Because of the significance of the matters described in the basis for disclaimer of opinion paragraphs and the fundamental uncertainty relating to the going concern basis paragraph, we do not express an opinion on the consolidated financial statements as to whether they give a true and fair view of the state of the Group's affairs as at 31 March 2007 and of the Group's loss for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, in our opinion the consolidated financial statements have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

REPORT ON MATTERS UNDER SECTIONS 141(4) AND 141(6) OF THE HONG KONG COMPANIES ORDINANCE

In respect alone of the limitations on our work as set out in the basis of disclaimer of opinion section of this report:

i) we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and

ii) we were unable to determine whether proper books of account had been kept.

PUBLICATION OF INFORMATION ON WEBSITES

This results announcement is available for viewing on the website of Hong Kong Exchange and Clearing Limited at www.hkexnews.hk and on the website of the Company at www.oceangrandchemicals.com/en_US/investor.html.

By Order of the Board
Ocean Grand Chemicals Holdings Limited
(Provisional Liquidators Appointed)
Hui Ho Ming, Herbert
Ang Mei Lee, Mary
Chin Chang Keng, Raymond
Executive Director

Hong Kong, 19 August 2008

As at the date of this announcement, the Board comprises five executive directors, namely Dr. Yip Kim Po (Chairman), Mr. Lin Jianping, Dr. Hui Ho Ming, Herbert, J.P. (Deputy Chairman), Mr. Chin Chang Keng, Raymond and Ms. Ang Mei Lee, Mary.

* *For identification purpose only*