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 2008

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 2008 together with comparative figures for the corresponding year in 2007 are as follows:

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2008

	Notes	**2008** *HK$'000*	**2007** *HK$'000*
Turnover	*5*	**52,696**	131,871
Cost of sales		**(52,393)**	(188,676)
Gross profit/(loss)		**303**	(56,805)
Other income		**3,058**	4,866
Increase in fair value of investment properties		**3,420**	1,310
General and administrative expenses		**(3,426)**	(14,184)
Gain on deconsolidation of a subsidiary		**4,911**	–
Impairment loss on amounts due from deconsolidated subsidiaries		**(8,093)**	–
Reversal of impairment loss on amount due from a deconsolidated subsidiary		**–**	58
Other operating expenses		**(6,963)**	(110,595)
Loss from operations		**(6,790)**	(175,350)
Finance costs		**(826)**	(2,144)
Loss before taxation	*11*	**(7,616)**	(177,494)
Income tax	*6*	**(17)**	–
Loss attributable to equity holders of the Company		**(7,633)**	(177,494)
Dividends	*7*	**–**	–
Loss per share	*8*		
– Basic		**(HK1.53 cents)**	(HK35.70 cents)
– Diluted		**(HK1.53 cents)**	(HK35.70 cents)

CONSOLIDATED BALANCE SHEET

As at 31 March 2008

	Notes	2008 HK$'000	2007 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**10,000**	6,580
Property, plant and equipment		**4,217**	5,338
Lease premium on land		**1,317**	1,328
Intangible assets		**–**	–
		15,534	13,246
Current assets			
Lease premium on land		**11**	12
Inventories		**–**	2,181
Trade and other receivables	9	**5,963**	123
Tax recoverable		**932**	788
Bank balances and cash		**73,087**	77,044
		79,993	80,148
Current liabilities			
Trade and other payables	10	**30,985**	30,491
Short-term bank borrowings		**295,470**	294,451
Amount due to a deconsolidated subsidiary		**3,749**	238
Short-term notes		**120,081**	120,544
Other borrowings		**5,205**	–
		455,490	445,724
Net current liabilities		**(375,497)**	(365,576)
Net liabilities		**(359,963)**	(352,330)
EQUITY			
Share capital		**49,790**	49,790
Reserves		**(409,753)**	(402,120)
Equity attributable to equity holders of the Company		**(359,963)**	(352,330)

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. 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 liqudiators 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, 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 alias, transfer the entire issued share capital of Kenlap PGC and OGC Management to the scheme administrators or their nominees upon the 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$8 million for the year ended 31 March 2008 (2007: HK$177 million). As at 31 March 2008, the Group had net current liabilities of approximately HK$375 million (2007: HK$366 million) and net liabilities of approximately HK$360 million (2007: HK$352 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 new 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 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 subsidiaries

(a) In previous year, the unaudited management accounts of OGC Management for the year ended 31 March 2007 were included in the consolidated financial statements of the Group. A winding-up order against OGC Management Services Limited ("OGC Management") was made on 7 February 2007, the directors considered that control over OGC Management has been lost and they were unable to have access to any books and records and unable to obtain any further financial information of OGC Management. Therefore OGC Management was excluded from the consolidated financial statements as of 1 April 2007, resulting in a gain of HK$4,911,000 which was included in the consolidated income statement for the year ended 31 March 2008.

(b) 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 2008, 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 since 1 April 2005.

Since the date of announcement published on 24 July 2006, the directors had not received any further information concerning the progress and possible outcome of the liquidation or seizure of the assets of the aforesaid subsidiaries. Any changes to the above status or possible outcome of the freezing orders against Kenlap Zhuhai, which may have a consequential effect on net liabilities of the Group as at 31 March 2008 and the results of the Group for the year ended 31 March 2008.

In the opinion of the directors, the consolidated financial statements for the year ended 31 March 2008 prepared on the aforementioned basis present more fairly the results and state of affairs of the Group as a whole in light of the liquidation and the aforesaid freezing orders against the said subsidiaries.

(iii) The Provisional Liquidators and the Commercial Crime Bureau of the Hong Kong Police Force (the "CCB") had conducted a number of searches at the Group's premises, seized documents and records and interviewed staff of the Group in view of accounting irregularities. Apparently there has been a falsification of accounting records and documents of the major operating subsidiaries of the Group in PRC. 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 concerning the liquidation of a subsidiary and the freezing orders against a major subsidiary as detailed in note 3(ii) to the consolidated financial statements, 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 2008 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, OGC Management of approximately HK$3,749,000 and Kenlap Zhuhai of approximately HK$238,000 included in the consolidated balance sheet as at 31 March 2008 and 2007 respectively are 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 2008 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.

(c) The directors were unable to obtain sufficient documentary evidence to support bank borrowings of approximately HK$295,470,000 included in the consolidated balance sheet, including the liabilities under guarantees or indemnities given to a 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.

(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 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.

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 2008 and net liabilities of the Group as at 31 March 2008.

Also, as a result of the matters described above, the comparative figures at 31 March 2007 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 2007. 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 (Revised)	Preparation of Financial Statements (1)
HKAS 23 (Revised)	Borrowing Costs (1)
HKAS 27 (Revised)	Consolidated and Separate Financial Statements (2)
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations (1)
HKFRS 3 (Revised)	Business Combinations (2)
HKFRS 8	Operating Segments (1)
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions (3)
HK(IFRIC)-Int 12	Service Concession Arrangements (4)
HK(IFRIC)-Int 13	Customer Royalty Programmes (5)
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (4)

(1) Effective for annual periods beginning on or after 1 January 2009
(2) Effective for annual periods beginning on or after 1 July 2009
(3) Effective for annual periods beginning on or after 1 March 2007
(4) Effective for annual periods beginning on or after 1 January 2008
(5) Effective for annual periods beginning on or after 1 July 2008

5. Turnover

Turnover recognised by category is analysed as follows:

	2008	**2007**
	HK$'000	*HK$'000*
Turnover:		
Sale of goods	**52,696**	131,451
Subcontracting fees	**–**	420
	52,696	131,871

6. Income tax

	2008	2007
	HK$'000	*HK$'000*
Current tax		
Hong Kong Profits Tax:		
– Current year	**17**	–
Income tax charge	**17**	–

Hong Kong Profits Tax has been provided at the rate of 17.5% (2007: Nil) on the estimated assessable profits for the year.

7. Dividends

No dividend has been paid or declared by the Company during the year (2007: Nil).

The directors do not recommend the payment of a final dividend for the year during the year (2007: Nil).

8. Loss per share

The calculation of basic loss per share for the year ended 31 March 2008 is based on the loss attributable to equity holders of the Company of approximately HK$7,633,000 (2007: HK$177,494,000) and on the weighted average number of 497,900,000 (2007: 497,197,000) ordinary shares.

The calculation of diluted loss per share for the year ended 31 March 2008 is based on the loss attributable to equity holders of the Company of approximately HK$7,633,000 (2007: HK177,494,000) and on the weighted average number of 497,900,000 (2007: 497,221,000) ordinary shares after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme as detailed in note 28 to the consolidated financial statements.

9. Trade and other receivables

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

	2008	2007
	HK$'000	*HK$'000*
Trade receivables	**255,977**	251,473
Less: Impairment loss of trade receivables *(Note 9a)*	**(250,021)**	(251,473)
	5,956	–
Other receivables:		
Deposits, prepayments and other debtors	**15,581**	15,585
Due from former ultimate holding company *(Note 9c)*	**450**	450
Due from a former fellow subsidiary *(Note 9c)*	**341**	341
	16,372	16,376
Less: Impairment loss of other receivables *(Note 9b)*	**(16,365)**	(16,253)
	7	123
	5,963	123

The aged analysis of trade receivables is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 to 30 days	**5,956**	–
31 to 60 days	**–**	–
61 to 90 days	**–**	–
Over 90 days	**250,021**	251,473
	255,977	251,473

Note:

a) Impairment loss of trade receivables:

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

	2008	2007
	HK$'000	*HK$'000*
Beginning of the year	**251,473**	250,021
(Reversal of)/provision for impairment loss of trade receivables	**(1,452)**	1,452
	250,021	251,473

b) Impairment loss of other receivables:

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

	2008	2007
	HK$'000	*HK$'000*
Beginning of the year	**16,253**	15,462
Provision for impairment loss of other receivables	**112**	–
Provision for impairment loss of amount due from former ultimate holding company	**–**	450
Provision for impairment loss of amount due from a former fellow subsidiary	**–**	341
	16,365	16,253

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

At 31 March 2007, the directors have formed the opinion that the amounts due from former ultimate holding company and due from a 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

	2008	2007
	HK$'000	*HK$'000*
Trade payables	**29,337**	28,875
Other payables		
Accrued charges and other creditors	**1,648**	1,616
	30,985	30,491

The aged analysis of the trade payables is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 – 30 days	**462**	–
31 – 60 days	**–**	–
61 – 90 days	**–**	–
Over 90 days	**28,875**	28,875
	29,337	28,875

11. Loss before taxation

	2008	2007
	HK$'000	*HK$'000*
This is stated after charging:		
(a) Finance Costs		
Interest on bank overdrafts and borrowings wholly repayable within five years	826	1,278
Finance charges on obligations under finance leases	–	5
Other borrowing costs	–	861
	826	2,144

	2008	2007
	HK$'000	*HK$'000*
(b) Other items		
Amortisation of lease premium on land	12	11
Auditors' remuneration		
– Current year	500	550
– Under provision in previous year	–	900
Bad debts written off	1,452	–
Cost of inventories and services provided	52,393	188,676
Depreciation	588	642
Loss on disposal of property, plant and equipment	97	–
Loss on exchange	–	1,099
Loss on inventories	1,542	8,566
Operating lease charges on:		
– Premises	398	2,333
Other receivable written off	–	2,487
Impairment loss of amount due from a former fellow subsidiary	–	341
Impairment loss of amount due from former ultimate holding company	–	450
Impairment loss of other receivables	112	–
Reversal of impairment loss on amount due from a deconsolidation subsidiary	–	(58)
(Reversal of impairment loss)/Impairment loss of trade receivables	(1,452)	1,452
Income tax written off	–	26
Staff costs, including directors' emoluments:		
– Wages and salaries	1,362	5,878
– Contributions to defined contribution plans	88	174

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 2008.

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 2008.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Trading in the securities of the Company has been suspended since 17 July 2006 and Directors are of the opinion that since the date of securities 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 2008, 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 2007 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 2007 were fairly stated. Any adjustments to the opening balances as at 1 April 2007 would affect the net liabilities of the Group as at 31 March 2008 and the results and of the Group for the year ended 31 March 2008. 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 2007 may not be comparable with the figures for the current year.

As stated in note 3 to the consolidated financial statements, the directors confirmed that they had not received any further information concerning the progress and possible outcome of the aforesaid PRC freezing orders over the assets of the aforesaid subsidiary since the date of announcement published on 24 July 2006. Any changes to the above status or possible outcome from the aforesaid PRC freezing orders over the assets of the subsidiary might have a consequential effect on the net liabilities of the Group as at 31 March 2008 and the results of the Group for the year ended 31 March 2008.

2. As explained by the directors in notes 3(ii) & (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 due to according irregularities uncovered by the Provisional Liquidators, the Commercial Crime Bureau of the Hong Kong Police Force 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, 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 2008 and have formed the opinion as follows:

   (a) As further explained by the directors in note 3(ii)(a) to the consolidated financial statements, a winding-up order was made against OGC Management on 7 February 2007. As a result, its unaudited management accounts were excluded from the consolidated financial statements as of 1 April 2007, being the date the directors considered that control of the company has been lost. In the absence of reliable financial information in respect of the subsidiary, the directors were unable to obtain sufficient documentary and other adequate evidence to satisfy themselves as to the correctness of the gain on deconsolidation of a subsidiary of approximately HK$4,911,000 and impairment loss on investment cost and amount due from a deconsolidation subsidiary of approximately HK$8,093,000 as set out in note 8 to the consolidated financial statements, the directors were also unable to satisfy themselves as to whether these amounts relating to the deconsolidation of a subsidiary included in the consolidated income statement are fairly stated.

   (b) As further explained by the directors in note 3(iii)(a) to the consolidated financial statements, the directors were unable to satisfy themselves as to whether the amount due to a deconsolidated subsidiary, OGC Management of approximately HK$3,749,000 and Kenlap Zhuhai of approximately HK$238,000 included in the consolidated balance sheet as at 31 March 2008 and 2007 respectively are fairly stated in the consolidated financial statements.

(c) As further explained by the directors in note 3(iii)(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 available, the directors were unable to represent that all transactions entered into by the Group for the year ended 31 March 2008 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, 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, share options in note 28, commitment in note 29 and contingent liabilities in note 30 to the consolidated financial statements.

(d) The directors have formed the opinion that the amounts due from deconsolidated subsidiaries to the Group of approximately HK$117,380,000 (2007: HK$109,287,000) included in the consolidated balance sheet as at 31 March 2008 cannot be recovered. Accordingly, the directors have made provision for impairment losses for these amounts. However, as explained in (c) above, the directors were unable to represent that all transactions entered into by the Group for the year ended 31 March 2008 have been properly reflected in the books of account, we were unable to obtain sufficient information and explanations regarding the basis upon which the directors have determined the amounts of such provisions. Accordingly, we were unable to satisfy ourselves as to whether the provisions against these amounts as included in the consolidated income statement in current and prior years were appropriate and as to whether the amounts due from these deconsolidated subsidiaries, after impairment made, are fairly stated at the balance sheet date.

(e) As further explained by the directors in note 3(iii)(c) to the consolidated financial statements, the directors were unable to obtain sufficient documentary evidence to support bank borrowings of approximately HK$295,470,000 included in the consolidated balance sheet, including the liabilities under guarantees or indemnities given to a 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.

3. 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 OGC Management in respect of amounts due to them in the amounts of approximately HK$415,551,000, HK$30,985,000 and HK$3,749,000 respectively, included in the consolidated balance sheet as at 31 March 2008. Accordingly, we were unable to satisfy ourselves as to whether these amounts are fairly stated in the consolidated financial statements.

4. 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 2008.

5. As explained in note 3(iii)(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 deferred taxation as required by HKAS 12 “Income Taxes”;

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

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

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 2008 and of the Group's loss and cash flows 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 wbsite of Hong Kong Exchange and Clearing Limted 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*