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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

The board of directors (the "Board") of Ocean Grand Chemicals Holdings Limited (Provisional Liquidators Appointed) (the "Company) announces that the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 September 2006 together with comparative figures for the previous period are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2006

	Note	**For the six months ended 30 September 2006 (Unaudited) *HK$'000***	2005 (Unaudited) *HK$'000*
Turnover	*5*	**127,548**	536,240
Cost of sales		**(186,041)**	(470,626)
Gross (loss)/profit		**(58,493)**	65,614
Other income		**4,267**	2,612
General and administrative expenses		**(11,000)**	(18,920)
Other operating expenses		**(110,185)**	(5,387)
(Loss)/profit from operations		**(175,411)**	43,919
Finance costs		**(1,764)**	(8,972)

	Note	For the six months ended 30 September 2006 (Unaudited) HK$'000	2005 (Unaudited) HK$'000
(Loss)/profit before taxation	*11*	**(177,175)**	34,947
Income Tax	*6*	–	(1,866)
(Loss)/profit attributable to equity holders of the Company		**(177,175)**	33,081
Dividends	*7*	–	12,175
(Loss)/earnings per share	*8*		
–Basic		**(HK35.69 cents)**	HK6.83 cents
–Diluted		**(HK35.65 cents)**	HK6.82 cents

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2006

	Note	**30 September 2006 (Unaudited)**	31 March 2006 (Audited)
		HK$'000	*HK$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**5,270**	5,270
Property, plant and equipment		**5,658**	5,825
Lease premium on land		**1,334**	1,340
		12,262	12,435
Current assets			
Current portion of lease premium on land		**11**	11
Inventories		**5,773**	10,014
Trade and other receivables	*9*	**7,604**	93,689
Tax recoverable		**742**	501
Bank balances and cash		**66,131**	47,079
		80,261	151,294
Current liabilities			
Trade and other payables	*10*	**29,991**	51,599
Short-term bank borrowings		**294,070**	180,179
Amount due to a deconsolidated subsidiary		**238**	269
Short-term notes		**120,235**	119,618
Current portion of obligations under finance leases		**–**	110
		444,534	351,775
Net current liabilities		**(364,273)**	(200,481)
Total assets less current liabilities		**(352,011)**	(188,046)
Non-current liabilities			
Obligation under finance leases		**–**	96
		–	96
Net liabilities		**(352,011)**	(188,142)
EQUITY			
Share capital		**49,790**	48,700
Reserves		**(401,801)**	(236,842)
Equity attributable to equity holders of the Company		**(352,011)**	(188,142)

Notes:

1. ORGANISATION AND PRINCIPAL ACTIVITIES

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 30 September 2006, 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 been 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, Tramp Power Limited ("TPL"), since November 2007.

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

2. WINDING-UP ORDER AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

As explained in the Group's 2006 annual report, 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 the order of the Supreme Court of Bermuda on 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.

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 six months ended 30 September 2006. As at 30 September 2006, the Group had net current liabilities of approximately HK$364 million and net liabilities of approximately 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 at 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 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 condensed 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 condensed 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 condensed consolidated financial statements on a going concern basis. The condensed 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 condensed consolidated financial statements.

(ii) Deconsolidation of a Subsidiary

The condensed 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 30 September 2006, 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 condensed consolidated financial statements of the Group. In the opinion of the directors, the condensed consolidated financial statements for the six months ended 30 September 2006 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) In addition to the limited financial information available and the assets of Kenlap Zhuhai being subject to freezing orders by the PRC Court, the directors have used their best endeavours to relocate all the financial and business records of the Group. As 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 condensed consolidated interim financial statements for the six months ended 30 September 2006.

Due to limited books of account and records available to the directors, the following disclosures have not been made in the condensed 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 aging of debtors and creditors as required by the Listing Rules;

– Details of deferred taxation as required by HKAS 12 “Income Taxes”; and

– Details of analysis of pledge of assets as required by the Hong Kong Companies Ordinance.

(iv) Due to insufficient information available to the directors, the condensed consolidated financial statements do not contain a 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 six month ended 30 September 2006 and net liabilities of the Group as at 30 September 2006.

4. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (“Listing Rules”) on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) and with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) except for the non-compliance as mentioned in note 3 to the condensed consolidated financial statements.

The accounting policies used in the preparation of these condensed consolidated financial statements are consistent with those set out in the 2006 annual financial statements.

The Group has not early applied the following new 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]
HKFRS 7	Financial Instruments: Disclosures [1]
HKFRS 8	Operating Segments [2]
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies [3]
HK(IFRIC)-Int 8	Scope of HKFRS 2 [4]
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives [5]
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment [6]
HK(IFRIC)-Int 11	HKFRS 2 – Group and Treasury Share Transactions [7]
HK(IFRIC)-Int 12	Service Concession Arrangements [8]
HK(IFRIC)-Int 13	Customer Royalty Programmes [9]
HK(IFRIC)-Int 14	HKAS 19-The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction [8]

[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 March 2006
[4] Effective for annual periods beginning on or after 1 May 2006
[5] Effective for annual periods beginning on or after 1 June 2006
[6] Effective for annual periods beginning on or after 1 November 2006
[7] Effective for annual periods beginning on or after 1 March 2007
[8] Effective for annual periods beginning on or after 1 January 2008
[9] Effective for annual periods beginning on or after 1 July 2008

5. TURNOVER

Turnover recognised by category is analysed as follows:

	For the six months ended 30 September	
	2006	2005
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Turnover		
Sale of goods	**127,514**	500,889
Subcontracting fees	**34**	35,351
	127,548	536,240

6. INCOME TAX

No provision for Hong Kong Profits Tax has been made in the condensed consolidated financial statements for the six months ended 30 September 2006 as the Group has no estimated assessable profits for the period (2005: 17.5%).

No provision for PRC enterprise income tax has been made in the condensed consolidated financial statements for the six months ended 30 September 2006 as the results of the Kenlap Zhuhai were not included in the condensed consolidated financial statements for the six months ended 30 September 2006. PRC enterprise income tax has been provided on the estimated assessable profits for the period at the rates of taxation prevailing in PRC. However, Kenlap Zhuhai is exempted from PRC state income tax and local income tax for two years starting from its first profit-making year of operation after offsetting prior year losses, followed by a 50% relief for the following three years.

7. INTERIM DIVIDEND

The directors have resolved not to declare an interim dividend for the six months ended 30 September 2006 (2005: HK$2.5 cents per share).

8. (LOSS)/EARNINGS PER SHARE

The calculations of basic and diluted (loss)/earnings per share for the six months ended 30 September 2006 was based on the Group's loss of approximately HK$177,175,000 (30 September 2005: profit of approximately HK$33,081,000). The basic (loss)/earnings per share is based on the weighted average number of 496,498,000 shares in issue (30 September 2005: 484,487,000 shares) during the period. The diluted (loss)/earnings per share is calculated based on the weighted average number of 496,990,000 shares (30 September 2005: 485,190,000 shares) after adjusting for the effects of all dilutive potential ordinary shares under the Company's share option scheme.

9. TRADE AND OTHER RECEIVABLES

	30 September 2006 HK$'000 (Unaudited)	31 March 2006 HK$'000 (Audited)
Trade receivables	**254,531**	334,064
Less: Impairment loss of trade receivables	**(251,473)**	(250,021)
	3,058	84,043
Other receivables		
Deposits, prepayment and other debtors	**20,008**	25,108
Due from former ultimate holding company	**450**	–
Due from a former fellow subsidiary	**341**	–
	20,799	25,108
Less: Impairment loss of other receivables	**(16,253)**	(15,462)
	4,546	9,646
	7,604	93,689

10. TRADE AND OTHER PAYABLES

	30 September 2006 HK$'000 (Unaudited)	31 March 2006 HK$'000 (Audited)
Trade payables	**28,875**	47,425
Other payables		
Accrued charges and other creditors	**1,116**	4,174
	29,991	51,599

11. (LOSS)/PROFIT BEFORE TAXATION

This is stated after charging (crediting) the following:

	For the six months ended 30 September	
	2006	2005
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
a) **Finance costs**		
Interest on bank overdrafts and borrowings wholly repayable within five years	**898**	6,662
Finance charges on obligations under finance leases	**5**	30
Other borrowing costs	**861**	2,280
	1,764	8,972

	For the six months ended 30 September	
	2006	2005
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
b) **Other items**		
Amoritsation of lease premium on land	**6**	14
Amoritsation of intangible assets	**–**	1,190
Depreciation	**321**	2,430
Impairment loss of amount due from former ultimate holding company	**450**	–
Impairment loss of amount due from a former fellow subsidiary	**341**	–
Impairment loss of trade and other receivables	**1,452**	–
Staff costs	**5,111**	8,137
Reversal of impairment loss of amount due from a deconsolidated subsidiary	**(58)**	–
Over-provision for long outstanding trade receivables	**–**	(163)

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.

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 period ended 30 September 2006.

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 2006.

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.

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, Herbet
Ang Mei Jee, 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 and Ms. Ang Mei Lei, Mary.

* *For identification purpose only*