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 2007

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 2007 together with comparative figures for the previous period are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

		For the six months ended 30 September	
	Note	**2007**	2006
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
Turnover	*5*	**683**	127,548
Cost of sales		**(638)**	(186,041)
Gross profit/(loss)		**45**	(58,493)
Other income		**2,253**	4,267
General and administrative expenses		**(1,540)**	(11,000)
Gain on deconsolidation of a subsidiary		**4,911**	–
Impairment loss on amount due from a deconsolidated subsidiary		**(8,093)**	–
Other operating expenses		**(2,392)**	(110,185)

	Note	For the six months ended 30 September	
		2007	2006
		(Unaudited)	(Unaudited)
		HK$'000	*HK$'000*
Loss from operations		**(4,816)**	(175,411)
Finance costs		**(414)**	(1,764)
Loss before taxation	*11*	**(5,230)**	(177,175)
Income Tax	*6*	**–**	–
Loss attributable to equity holders of the Company		**(5,230)**	(177,175)
Dividends	*7*	**–**	–
Loss per share	*8*		
– Basic		**(HK1.05 cents)**	(HK35.69 cents)
– Diluted		**(HK1.05 cents)**	(HK35.65 cents)

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2007

	Note	30 September 2007 (Unaudited) HK$'000	31 March 2007 (Audited) HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment properties		**6,580**	6,580
Property, plant and equipment		**4,487**	5,338
Lease premium on land		**1,322**	1,328
		12,389	13,246
Current assets			
Current portion of lease premium on land		**11**	12
Inventories		**–**	2,181
Trade and other receivables	*9*	**118**	123
Tax recoverable		**949**	788
Bank balances and cash		**77,681**	77,044
		78,759	80,148
Current liabilities			
Trade and other payables	*10*	**30,323**	30,491
Short-term bank borrowings		**294,865**	294,451
Amount due to a deconsolidated subsidiary		**3,748**	238
Short-term notes		**119,772**	120,544
		448,708	445,724
Net current liabilities		**(369,949)**	(365,576)
Net liabilities		**(357,560)**	(352,330)
EQUITY			
Share capital		**49,790**	49,790
Reserves		**(407,350)**	(402,120)
Equity attributable to equity holders of the Company		**(357,560)**	(352,330)

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 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 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, Trump Power Limited ("TPL"), since November 2007.

The condensed 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 ORDER AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

As explained in the Group's 2007 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 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.

3. BASIS OF PREPARATION

(i) Going Concern

The Group sustained a loss attributable to equity holders of the Company of approximately HK$5 million for the six months ended 30 September 2007 (30 September 2006: 177 million). As at 30 September 2007, the Group had net current liabilities of approximately HK$370 million (31 March 2007: 366 million) and net liabilities of approximately HK$358 million (31 March 2007: 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 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 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 Subsidiaries*

(a) One of the subsidiaries, OGC Management Services Limited ("OGC Management"), has been put into liquidation pursuant to a court order issued 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 the subsidiary was excluded from the consolidated financial statements as of 1 April 2007 resulting in a gain of approximately HK$4,911,000 which was included in the condensed consolidated income statements for the six months ended 30 September 2007.

(b) 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 order 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 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 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 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) In addition to the limited financial information available and the assets of Kenlap Zhuhai being subject to freezing order 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 2007.

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 2007 and net liabilities of the Group as at 30 September 2007.

4. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules on the 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 2007 annual financial statements.

In the current period, the Group has applied for the first time, a number of new standards; amendments and interpretations (hereafter collectively referred to as “new HKFRSs”) issued by the HKICPA that are effective for accounting periods beginning on or after 1 April 2007.

The application of these new HKFRSs did not have any material impact on how the financial statements of the Group are prepared and presented for the current or prior accounting period.

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 (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 12	Service Concession Arrangements (3)
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 (3)

(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 January 2008
(4) 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	
	2007	2006
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Turnover		
Sale of goods	**683**	127,514
Subcontracting fees	**–**	34
	683	127,548

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 2007 as the Group has no estimated assessable profits for the period (2006: nil).

7. INTERIM DIVIDEND

The directors have resolved not to declare an interim dividend for the six months ended 30 September 2007 (2006: nil).

8. LOSS PER SHARE

The calculations of basic and diluted loss per share for the six months ended 30 September 2007 was based on the Group's loss attributable to equity holders of the Company of approximately HK$5,230,000 (30 September 2006: loss of approximately HK$177,175,000). The basic loss per share is based on the weighted average number of 497,900,000 shares in issue (30 September 2006: 496,498,000 shares) during the period. The diluted loss per share is calculated based on the weighted average number of 497,900,000 shares (30 September 2006: 496,990,000 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 2007	31 March 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables	**251,473**	251,473
Less: Impairment loss of trade receivables	**(251,473)**	(251,473)
	–	–
Other receivables		
Deposits, prepayment and other debtors	**15,580**	15,585
Due from former ultimate holding company	**450**	450
Due from a former fellow subsidiary	**341**	341
	16,371	16,376
Less: Impairment loss of other receivables	**(16,253)**	(16,253)
	118	123
	118	123

10. TRADE AND OTHER PAYABLES

	30 September 2007	31 March 2007
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**28,875**	28,875
Other payables		
Accrued charges and other creditors	**1,948**	1,616
	30,823	30,491

11. LOSS BEFORE TAXATION

This is stated after charging the following:

	For the six months ended 30 September 2007 HK$'000 (Unaudited)	2006 HK$'000 (Unaudited)
a) **Finance costs**		
Interest on bank overdrafts and borrowings wholly repayable within five years	**414**	898
Finance charges on obligations under finance leases	**–**	5
Other borrowing costs	**–**	861
	414	1,764

	For the six months ended 30 September 2007 HK$'000 (Unaudited)	2006 HK$'000 (Unaudited)
b) **Other items**		
Amoritsation of lease premium on land	**6**	6
Depreciation	**302**	321
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 receivables	**–**	1,452
Staff costs	**598**	5,111
Reversal of impairment loss of amount due from a deconsolidated subsidiary	**–**	(58)

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 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 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, Raymond and Ms. Ang Mei Lee, Mary.

* *For identification purpose only*