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## **OCEAN GRAND HOLDINGS LIMITED**

**(Provisional Liquidators Appointed)**

**海域集團有限公司 \***

**(已委任臨時清盤人)**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 1220)**

### **ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2010**

The board of directors (the “**Board**”) of Ocean Grand Holdings Limited (Provisional Liquidators Appointed) (the “**Company**”) announces the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 March 2010 together with the comparative figures for the year ended 31 March 2009 as follows:

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2010

|                                                                         |             | 2010<br><i>HK\$'000</i> | 2009<br><i>HK\$'000</i> |
|-------------------------------------------------------------------------|-------------|-------------------------|-------------------------|
|                                                                         | <i>Note</i> |                         |                         |
| <b>Turnover</b>                                                         | 5           | <b>242,405</b>          | 161,432                 |
| Cost of sales                                                           |             | <b>(238,284)</b>        | (158,169)               |
| Gross profit                                                            |             | <b>4,121</b>            | 3,263                   |
| Other income                                                            | 5           | –                       | 7                       |
| General and administrative expenses                                     |             | <b>(2,594)</b>          | (1,953)                 |
| Finance costs                                                           |             | –                       | –                       |
| <b>Profit before income tax</b>                                         | 6           | <b>1,527</b>            | 1,317                   |
| Income tax                                                              | 7           | <b>(64)</b>             | –                       |
| <b>Profit for the year and total comprehensive income for the year</b>  |             | <b>1,463</b>            | 1,317                   |
| <b>Profit for the year attributable to owners of the Company</b>        |             | <b>1,463</b>            | 1,317                   |
| <b>Total comprehensive income attributable to owners of the Company</b> |             | <b>1,463</b>            | 1,317                   |
| <b>Earnings per share</b>                                               | 9           |                         |                         |
| – Basic                                                                 |             | <b>HK\$0.003</b>        | HK\$0.003               |
| – Diluted                                                               |             | <b>N/A</b>              | N/A                     |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2010

|                                            | <i>Note</i> | <b>2010</b><br><b>HK\$'000</b> | <b>2009</b><br><b>HK\$'000</b> |
|--------------------------------------------|-------------|--------------------------------|--------------------------------|
| <b>ASSETS AND LIABILITIES</b>              |             |                                |                                |
| <b>Current assets</b>                      |             |                                |                                |
| Trade and other receivables                | 10          | <b>60,706</b>                  | 96,015                         |
| Bank balances and cash                     |             | <b>4,067</b>                   | 993                            |
|                                            |             | <b>64,773</b>                  | 97,008                         |
| <b>Current liabilities</b>                 |             |                                |                                |
| Short-term borrowings                      |             | <b>1,448,078</b>               | 1,448,078                      |
| Trade and other payables                   | 11          | <b>452,881</b>                 | 486,670                        |
| Amounts due to deconsolidated subsidiaries |             | <b>126,426</b>                 | 126,399                        |
| Income tax payable                         |             | <b>64</b>                      | —                              |
|                                            |             | <b>2,027,449</b>               | 2,061,147                      |
| <b>Net liabilities</b>                     |             | <b>(1,962,676)</b>             | (1,964,139)                    |
| <b>CAPITAL AND RESERVES</b>                |             |                                |                                |
| Share capital                              |             | <b>423,835</b>                 | 423,835                        |
| Reserves                                   |             | <b>(2,386,511)</b>             | (2,387,974)                    |
| <b>Total equity</b>                        |             | <b>(1,962,676)</b>             | (1,964,139)                    |

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Ocean Grand Holdings Limited (Provisional Liquidators Appointed) (the “**Company**”) was incorporated in Bermuda as an exempted company with limited liability and its ordinary shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of its registered office is located at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its principal place of business is located at 35/F., One Pacific Place, 88 Queensway, Hong Kong. The shares of the Company have been suspended for trading on the Stock Exchange since 17 July 2006.

The Company is an investment holding company. Its subsidiaries were principally engaged in the trading of aluminium products and supply of aluminium products.

These 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 other wise indicated.

On 24 July 2006, provisional liquidators were appointed to the Company as stated in note 2 below.

## 2. WINDING-UP PETITIONS AND APPOINTMENT OF PROVISIONAL LIQUIDATORS

Pursuant to an announcement made on 24 July 2006, a writ of summons has been issued in the High Court of The Hong Kong Special Administrative Region (the “**High Court**”) on 20 July 2006 claiming against Hing Yip Holdings (Hong Kong) Limited (In Liquidation) (“**HYHK**”), OG Development Company Limited (In Liquidation) (“**OGD**”), wholly-owned subsidiaries of the Company, and the Company by Bank Sinopac for the payment of a sum of approximately HK\$6.4 million together with interest under banking facilities made available to HYHK and OGD and guaranteed by OGD and the Company. The Group has also received letters of demand from certain of the Group’s other bankers for (i) immediate repayment of outstanding indebtedness in the aggregate amount of approximately HK\$81 million together with interest and (ii) deposit of approximately HK\$174 million to relevant bankers, pursuant to various banking facilities, indemnities, undertakings for repayment of overdraft and guarantees entered into with those banks.

In July 2006, in view of the deterioration of the cash position of the Group to a level which resulted in difficulties to meet its short-term debts, the directors of the Company 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 a winding up and for an appointment of provisional liquidators for the Company 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. Joseph Kin Ching Lo and Lai Kar Yan (also known as Lai Kar Yan, Derek), both of Deloitte Touche Tohmatsu (“**Deloitte**”), have been appointed as the joint and several provisional liquidators of the Company (the “**Provisional Liquidators**”) by the orders of the High Court on 24 July 2006 and by the Supreme Court of Bermuda on 25 July 2006 (“**Orders**”).

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

The winding-up petition against the Company was originally scheduled to be heard by the High Court of Hong Kong on 20 September 2006. Upon applications by the Provisional Liquidators, the High Court adjourned the hearing of winding up petition against the Company to further date. On 21 June 2010, the High Court of Hong Kong had further adjourned the hearing of the petition to 18 October 2010, or to the date which falls on the first Monday 14 days after a decision by the Listing Appeals Committee of the Stock Exchange on the resumption proposal of the Group is made available, whichever is earlier.

The hearing of the winding-up petition against the Company by the Supreme Court of Bermuda was originally scheduled to be 18 August 2006. Upon applications by the Provisional Liquidators, the Supreme Court of Bermuda adjourned the hearing of winding-up petition against the Company to further date. On 25 June 2010, the Supreme Court of Bermuda further adjourned the hearing of the petition to 22 October 2010, or to the date which falls on the first Friday 14 days after a decision by the Listing Appeals Committee of the Stock Exchange on the resumption proposal of the Company is made available, whichever is earlier.

The Company also filed a winding-up petition against HYHK with the High Court on 25 July 2006. HYHK filed a winding-up petition against OGD and Sky Leader Industries Limited (In Liquidation) (“**Sky Leader**”), wholly owned by the Company, with the High Court on 5 December 2006. Pursuant to the orders 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 HYHK, OGD and Sky Leader. Subsequently, Messrs. Lai Kar Yan, Derek and Darach E. Haughey were also appointed as liquidators of HYHK, OGD and Sky Leader upon the winding-up of the above companies.

On 27 August 2008, a proposal for the resumption of trading in the Company’s shares was submitted to the Stock Exchange (the “**Resumption Proposal**”). An updated Resumption Proposal was submitted to the Stock Exchange on 19 October 2009. On 12 November 2009, the Listing Committee of the Stock Exchange rejected the Resumption Proposal (the “**Decision**”). On 23 November 2009, the Company applied to the Listing (Review) Committee of the Stock Exchange for a review of the Decision. On 25 February 2010, the Listing (Review) Committee of the Stock Exchange upheld the decision of the Listing Committee of the Stock Exchange. On 5 March 2010, the Company applied to Listing Appeals Committee of the Stock Exchange for a review of the decision to reject the Resumption Proposal. The meeting of the Listing Appeals Committee in this regard has not yet taken place.

The winding up petitions against the Company will be withdrawn subject to and upon the successful implementation of the Restructuring Agreement as referred to note 3 below. If the Resumption Proposal does not proceed, the shares of the Company will be delisted by the Stock Exchange and it is likely that the Company would be wound-up.

The Company’s scheme of arrangement for discharging its debts (“**Scheme**”) was sanctioned by the High Court on 15 April 2008.

Under the Restructuring Agreement (defined below), the Company shall, inter alia, transfer the entire issued share capital of its subsidiaries as defined as “Excluded Subsidiaries” (defined below) in note 3(i) below 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 these subsidiaries will not affect the Group after completion of the Restructuring Agreement.

### 3. GOING CONCERN BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

#### (i) *Going Concern*

As at 31 March 2010, the Group had net liabilities of approximately HK\$1,963 million (2009: HK\$1,964 million). This condition indicates the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

As detailed in note 2 to the consolidated financial statements, a writ of summons to demand petitions for the winding-up of the Company and its certain subsidiaries had been filed. Following the petitions, the Company applied to the court for the appointment of the Provisional Liquidators.

On 23 April 2008, the Company announced that an agreement for the proposed restructuring of the Group, involving capital reorganization, debt restructuring, subscription of new shares and subscription of preference shares, was entered into on 20 December 2007 among the Company, Gold Star Success Limited (the “**Investor**”), the Provisional Liquidators and Deloitte (the “**Restructuring Agreement**”). On 26 February 2009 and 4 January 2010, the Company, the Investor and the Provisional Liquidators entered into supplemental agreements to extend the long stop date of the Restructuring Agreement to 31 December 2009 and 31 December 2010 respectively.

Golden Beach Enterprises Limited (“**Golden Beach**”), a new wholly owned subsidiary of the Company, was incorporated in the British Virgin Islands. Golden Beach is an investment holding company which beneficially owns 100% interest in Fast Excel Limited (“**FEL**”) and Parkson Trade Services Limited (“**Parkson**”). FEL and Parkson were incorporated in Hong Kong. The Company has reactivated its trading of the aluminum products through Parkson and supply of aluminium products to construction companies through FEL since June 2008 and December 2009 respectively.

Save for Golden Beach, FEL, Parkson, OG Aluminium Company Limited (Foshan), Ocean Grand Aluminium Company Limited (Foshan) and OG Aluminium (Sanshui) Company Limited, the issued shares of all other subsidiaries directly or indirectly held by the Company (the “**Excluded Subsidiaries**”), 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 which was sanctioned by the High Court of Hong Kong on 15 April 2008.

The Company was placed into the third stage of delisting procedures on 13 March 2008. Having reviewed and considered the revitalised operations and affairs of the Group and the Company, the directors concluded that the proposed restructuring represents the best means available for the Company to be returned to solvency and to continue the development and enhancement of its business. The directors are therefore of the opinion that it is appropriate to prepare the consolidated financial statement on a going concern basis.

The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed restructuring of the Company will be successfully completed, and that, following the restructuring the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the consolidated financial statements to adjust 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.

*(ii) Deconsolidation of subsidiaries and a subsidiary not consolidated*

Deconsolidation of subsidiaries

The consolidated financial statements have been prepared based on the available books and records as maintained by the Company and its subsidiaries. The results, assets and liabilities of the following significant subsidiaries, small-sized or inactive subsidiaries were deconsolidated (“Deconsolidated Subsidiaries”) from the consolidated financial statements of the Group since 1 January 2005.

- (a) Due to (1) all the shares in the capital of Toowomba Holdings Limited and Successful Gold Profits Limited, wholly owned subsidiaries of the Company, were charged under a share charge agreement to The Bank of New York, as a trustee, for and on behalf of the holders of the US\$125 million and US\$35 million 9.25% guaranteed notes issued by the Company in December 2005 and March 2006, or (2) liquidation of certain significant subsidiaries or their immediate holding companies; or (3) the major assets and production facilities of the significant subsidiaries were subject to freezing orders obtained by the creditors in the PRC, the directors have not been able to obtain access to the books and records of these subsidiaries and considered that controls have been lost. In the opinion of the directors, consolidating the results, assets and liabilities of the following significant subsidiaries into the consolidated financial statements will only provide a misleading picture of the state of affairs of the Group and will be no value to the members of the Company.

**Name of subsidiaries**

Ocean Grand Aluminium Company Limited (Foshan)  
Harvest Fortune Limited  
Hing Yip Holdings (China) Limited  
Hing Yip Holdings (Hong Kong) Limited (In Liquidation)  
OG Aluminium Company Limited (Foshan)  
Jorki Profits Limited  
OG Aluminium (Sanshui) Company Limited  
OG Development Company Limited (In Liquidation)  
Sky Leader Industries Limited (In Liquidation)  
Successful Gold Profits Limited (In Liquidation)  
Toowomba Holdings Limited (In Liquidation)  
Ocean Grand Development Holdings Limited

- (b) In addition, the results, assets and liabilities of the following small-sized or inactive subsidiaries were also deconsolidated from the consolidated financial statements since 1 January 2005. The directors considered that the exclusion of the results, assets and liabilities of these subsidiaries from the consolidated financial statements would not significantly affect the results of the Group for the current year as the cost of obtaining these information would exceed the value of these information to the members of the Company.

**Name of subsidiaries**

Chinacin.com Limited  
Jinbocho Holdings Limited  
Ocean Grand (China) Limited  
Ocean Grand Finance Limited  
Ocean Grand Services Limited  
Ocean Grand Technology Company Limited  
廣州倫帕理維信息科技有限公司

**A subsidiary not consolidated**

OG Aluminium Australia Pty Ltd (“OGA”), indirectly owned subsidiary of the Company, was incorporated in Australia on 19 May 2006. The directors do not have any accounting books and records on OGA and considered that the exclusion of the results, assets and liabilities of OGA into the consolidated financial statements would not significantly affect the results of the Group for the year ended 31 March 2010.

Thus, in the opinion of directors, the consolidated financial statements for the year ended 31 March 2010 prepared on the aforementioned basis present more fairly the results and state of affairs of the Group as a whole.

*(iii) Insufficient information provided by the Directors*

Due to the potential accounting irregularities described in the consolidated financial statements of the Company for the year ended 31 March 2008 and all of the former accounting personnel of the Group have left, the directors were unable to obtain sufficient documentary information in relation to the Deconsolidated Subsidiaries to satisfy themselves regarding the genuineness of certain books and records and treatment of various balances of the Group and have formed the following opinion:

(a) Deconsolidated Subsidiaries were deconsolidated from the consolidated financial statements since 1 January 2005 and OGA were not consolidated into the consolidated financial statements since the date of its incorporation on 19 May 2006. Thus, the Group remains the Company and its newly incorporated subsidiaries namely Golden Beach, FEL and Parkson. Due to limited books and records of Deconsolidated Subsidiaries available to the directors and material uncertainty relating to the completion of the restructuring of the Company for discharging its debts, the directors of the Company were unable to obtain sufficient documentary information to satisfy themselves that the following amounts of the Company included in the consolidated financial statements for the year ended 31 March 2010 as to whether the completeness, correctness of identification and the disclosures recorded by the Group:

- finance costs of HK\$nil;
- a credit balance of general and administrative expenses of approximately HK\$12,000;
- bank balances and cash of approximately HK\$131,000;
- short-term borrowings of approximately HK\$1,448,078,000;
- trade and other payables of approximately HK\$391,101,000;
- amounts due to deconsolidated subsidiaries of approximately HK\$126,426,000;
- deferred taxation;
- commitments;
- related parties transactions;
- share options;
- pledge of assets; and
- other disclosures under Hong Kong Companies Ordinance.

(b) Due to limited books and records of Deconsolidated Subsidiaries 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 Hong Kong Accounting Standard (“HKAS”) 19 “Employee benefits”;
- details of the Group’s financial risk management objectives and policies required by HKAS 32 “Financial Instruments: Disclosures and Presentation”; and
- details of contingent liabilities as required by HKAS 37 “Provisions, Contingent liabilities and Contingent Assets”.

Any adjustments arising from the matters described above might have a significant consequential effect on the profit of the Group for the year ended 31 March 2010 and the net liabilities of the Group as at 31 March 2010 and the related disclosures thereof in the consolidated financial statements.

Also, as a result of the matters described above, the comparative figures as at 31 March 2009 shown in the consolidated statement of financial position and in the consolidated statement of comprehensive income for the year then ended may not be comparable with the figures for the current year.

#### 4. APPLICATION OF NEW/REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied the new and revised standards, amendments to standards and interpretations (“**new and revised HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Except as described below, the adoption of the new and revised HKFRSs has had no material effect on the consolidated financial statements of the Group for the current or prior accounting periods.

##### **New and revised HKFRS affecting presentation and disclosure only**

###### **HKAS 1 (Revised 2007) *Presentation of Financial Statements***

HKAS 1 (Revised 2007) has introduced terminology changes (including revised titles for the consolidated financial statements) and changes in the format and content of the consolidated financial statements.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

#### 5. TURNOVER AND OTHER INCOME

|                               | <b>2010</b><br><b>HK\$'000</b> | 2009<br>HK\$'000 |
|-------------------------------|--------------------------------|------------------|
| <b>SALES</b>                  | <b>242,405</b>                 | 161,432          |
| <b>OTHER INCOME</b>           |                                |                  |
| Interest income               | —                              | 4                |
| Gain on foreign exchange, net | —                              | 3                |
|                               | —                              | 7                |
|                               | <b>242,405</b>                 | 161,439          |

##### *(a) Segment information*

The Group has adopted HKFRS 8 *Operating Segments* with effect from 1 April 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Group’s management, in order to allocate resources to segments and to assess their performance. In contrast, the predecessor standard (HKAS 14, *Segment Reporting*) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity’s “system of internal financial reporting to key management personnel” serving only as the starting point for the identification of such segments. In the past, the Group was only mainly engaged in the trading of aluminium products in PRC and accordingly, no segmental information is presented. The application of HKFRS 8 has not resulted in a redesignation of the Group’s reportable segments as compared with the primary reportable segments determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

The Group’s operating segments are as follows:

- a. Trading of aluminium products in PRC; and
- b. Construction supply project in Hong Kong.

The Group was mainly engaged in the trading of aluminium products in PRC for the year ended 31 March 2009, and accordingly no segmental information is presented.

Information regarding the above segments is reported below.

### Business Segment

Segment revenues and results

For the year ended 31 March 2010

|                                | <b>Trading of<br/>aluminium<br/>products<br/><i>HK\$'000</i></b> | <b>Construction<br/>supply<br/>projects<br/><i>HK\$'000</i></b> | <b>Total<br/><i>HK\$'000</i></b> |
|--------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------|
| Segment revenue:               |                                                                  |                                                                 |                                  |
| Sales to external customers    | 238,811                                                          | 3,594                                                           | 242,405                          |
| Segment Result                 | 1,126                                                            | 389                                                             | 1,515                            |
| Unallocated corporate income   |                                                                  |                                                                 | 16                               |
| Unallocated corporate expenses |                                                                  |                                                                 | (4)                              |
| Profit before income tax       |                                                                  |                                                                 | <u>1,527</u>                     |

Segment profit represents the profit earned by each segment without allocation of central administration costs and income tax. This is the measure reported to the Group's management for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

As at 31 March 2010

|                         | <b>Trading of<br/>aluminium<br/>products<br/><i>HK\$'000</i></b> | <b>Construction<br/>supply<br/>projects<br/><i>HK\$'000</i></b> | <b>Total<br/><i>HK\$'000</i></b> |
|-------------------------|------------------------------------------------------------------|-----------------------------------------------------------------|----------------------------------|
| Segment assets          | 56,262                                                           | 4,444                                                           | 60,706                           |
| Unallocated assets      |                                                                  |                                                                 | 4,067                            |
| Total assets            |                                                                  |                                                                 | <u>64,773</u>                    |
| Segment liabilities     | 48,545                                                           | 2,435                                                           | 50,980                           |
| Unallocated liabilities |                                                                  |                                                                 | 1,976,469                        |
| Total liabilities       |                                                                  |                                                                 | <u>2,027,449</u>                 |

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than bank balances and cash and amounts due from deconsolidated subsidiaries; and
- all liabilities are allocated to reportable segments other than amounts due to deconsolidated subsidiaries, amount due to the Investor, short-term borrowings, tax liabilities and other corporate liabilities.

### Geographical Segment

The information about the revenue from external customers of the Group by geographical location are detailed below:

For the year ended 31 March 2010

|           | <b>Revenue from<br/>external customers</b><br><i>HK\$'000</i> |
|-----------|---------------------------------------------------------------|
| PRC       | 238,811                                                       |
| Hong Kong | 3,594                                                         |
|           | <u>242,405</u>                                                |

## 6. PROFIT BEFORE INCOME TAX

This is stated after charging:

|                                                                            | <b>2010</b><br><i>HK\$'000</i> | 2009<br><i>HK\$'000</i> |
|----------------------------------------------------------------------------|--------------------------------|-------------------------|
| Foreign exchange differences, net                                          | <b>43</b>                      | —                       |
| Operating lease payment made in respect of rental premises                 | <b>597</b>                     | 402                     |
| Staff costs, including directors' emoluments                               |                                |                         |
| Wages, salaries and other benefits                                         | <b>1,136</b>                   | 874                     |
| Retirement benefits scheme contributions                                   | <b>62</b>                      | 39                      |
| Reversal of impairment loss on amount due from a deconsolidated subsidiary | <b>(16)</b>                    | —                       |
|                                                                            | <u><b>1,826</b></u>            | <u>1,315</u>            |

## 7. INCOME TAX

Hong Kong Profits Tax has been provided at the rate of 16.5% (2009: Nil) on the estimated assessable profits for the year.

## 8. DIVIDENDS

No dividend has been paid or declared by the Company during the year (2009: Nil).

## 9. EARNINGS PER SHARE

The calculations of basic profit per share for the year ended 31 March 2010 is based on the profit attributable to owners of the Company of approximately HK\$1,463,000 (2009: HK\$1,317,000) and on the weighted average number of 423,835,000 (2009: 423,835,000) ordinary shares in issue during the year.

The share options have no dilutive effect on ordinary shares for the years ended 31 March 2010 and 2009 because the average market price of the shares of the Company cannot be determined as the share of the Company were suspended from trading on the Stock Exchange since 17 July 2006.

## 10. TRADE AND OTHER RECEIVABLES

|                                            | 2010<br><i>HK\$'000</i> | 2009<br><i>HK\$'000</i> |
|--------------------------------------------|-------------------------|-------------------------|
| <b>Trade receivables</b> ( <i>Note a</i> ) | 48,476                  | 94,459                  |
| <b>Other receivables</b>                   |                         |                         |
| Deposits, prepayments and other debtors    | 12,230                  | 1,556                   |
|                                            | <u>60,706</u>           | <u>96,015</u>           |

The carrying amounts of trade and other receivables at 31 March 2010 approximate to its fair value.

### (a) Trade receivables

The Group allows a credit period normally 0 to 30 days (2009: 0 to 90 days) to its trade customers. The aging analysis of trade receivables presented based on the invoice date as at the end of the reporting period is as follows:

|              | 2010<br><i>HK\$'000</i> | 2009<br><i>HK\$'000</i> |
|--------------|-------------------------|-------------------------|
| 0 to 90 days | 48,249                  | 47,665                  |
| over 90 days | 227                     | 46,794                  |
|              | <u>48,476</u>           | <u>94,459</u>           |

## 11. TRADE AND OTHER PAYABLES

|                                         | 2010<br><i>HK\$'000</i> | 2009<br><i>HK\$'000</i> |
|-----------------------------------------|-------------------------|-------------------------|
| <b>Trade payables</b> ( <i>Note a</i> ) | 50,174                  | 83,541                  |
| <b>Other payables</b>                   |                         |                         |
| Accrued charges and other creditors     | 402,707                 | 403,129                 |
|                                         | <u>452,881</u>          | <u>486,670</u>          |

Included in accrued charges and other creditors were the liabilities under indemnities given to Deconsolidated Subsidiaries and amount due to Investor of approximately HK\$386,097,000 and HK\$10,800,000 respectively (2009: HK\$386,097,000 and HK\$11,500,000).

The carrying amount of trade and other payables at 31 March 2010 approximate to its fair value.

*(a) Trade payables*

The aging analysis of trade payables presented based on the invoice date as at the end of the reporting period is as follows:

|              | <b>2010</b><br><b>HK\$'000</b> | 2009<br>HK\$'000   |
|--------------|--------------------------------|--------------------|
| 0 to 90 days | <b>48,663</b>                  | 46,561             |
| over 90 days | <b>1,511</b>                   | 36,980             |
|              | <hr/> <b>50,174</b> <hr/>      | <hr/> 36,980 <hr/> |

## **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 2010, an extract of which is as follows:

### **BASIS FOR DISCLAIMER OF OPINION**

1. Our report on the consolidated financial statements of the Company for the year ended 31 March 2009 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 in relation to the Deconsolidated Subsidiaries and material uncertainty in relation to the going concern. Accordingly, we were unable to form an opinion as to whether the net liabilities of the Group as at 31 March 2009 and the results and the related disclosures in the notes to the consolidated financial statements for the year ended 2009 were fairly stated. Any adjustments to the opening balances as at 1 April 2009 would affect the net liabilities of the Group as at 31 March 2010 and the results and cash flows of the Group for the year ended 31 March 2010. Also the comparative figures in respect of the net liabilities of the Group as at 31 March 2009 and results and cash flows of the Group for the year ended 31 March 2009 may not be comparable with the figures for the current year.
2. As disclosed in note 3(iii) to the consolidated financial statements, all of the former accounting personnel of the Group have left and there are potential accounting irregularities. Accordingly, the directors have been unable to obtain sufficient documentary information in relation to the Deconsolidated Subsidiaries to satisfy themselves regarding the genuineness of certain books and records and treatment of various balances of the Group as at 31 March 2010 and have formed the opinion as follows:
  - a) as explained by the directors in note 3(iii)(a) to the consolidated financial statements, Deconsolidated Subsidiaries were deconsolidated from the consolidated financial statements since 1 January 2005 and OGA were not consolidated into the consolidated financial statements since the date of its incorporation on 19 May 2006. Thus, the Group remains the Company

and its newly incorporated subsidiaries namely Golden Beach Enterprises Limited, Fast Excel Limited and Parkson Trade Services Limited. Due to limited books and records of the Deconsolidated Subsidiaries available to the directors and material uncertainty relating to the completion of the restructuring of the Company for discharging its debts, the directors of the Company were unable to obtain sufficient documentary information to satisfy themselves that the following amounts of the Company included in the consolidated financial statements for the year ended 31 March 2010 as to whether the completeness, correctness of identification and the disclosures recorded by the Group:

- finance costs of HK\$nil;
- a credit balance of general and administrative expenses of approximately HK\$12,000;
- bank balances and cash of approximately HK\$131,000;
- short-term borrowings of approximately HK\$1,448,078,000;
- trade and other payables of approximately HK\$391,101,000;
- amounts due to deconsolidated subsidiaries of approximately HK\$126,426,000;
- deferred taxation;
- commitments;
- related parties transactions;
- share options;
- pledge of assets; and
- other disclosures under Hong Kong Companies Ordinance.

b) As explained in note 3(iii)(b) to the consolidated financial statements, due to limited books and records of the Deconsolidated Subsidiaries 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 Hong Kong Accounting Standard (“HKAS”) 19 “Employee Benefits”;
- details of the Group’s financial risk management objectives and policies as required by HKAS 32 “Financial Instruments: Disclosures and Presentation”; and
- details of contingent liabilities as required by HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”.

3. As at 31 March 2010, the consolidated statement of financial position included the Company’s bank balances and cash, short-term borrowings, other payables and amounts due to deconsolidated subsidiaries of approximately HK\$131,000, HK\$1,448,078,000, HK\$391,101,000 and HK\$126,426,000 respectively. We have not been able to obtain sufficient direct confirmation or other documentary evidence to substantiate the validity and existence in relations to these amounts. There were no other satisfactory audit procedures that we could adopt to ensure 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 date of statement of financial position 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 2010.

There were no other satisfactory audit procedures that we could adopt to obtain sufficient evidence regarding to the matters set out in paragraphs 1 to 4 above. Accordingly, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Any adjustments to the figures might have a significant consequential effect on the Group's results for the year ended 31 March 2009 and 2010 and the net liabilities of the Group as at 31 March 2009 and 2010 and the related disclosures thereof in the consolidated financial statements.

## **MATERIAL UNCERTAINTY RELATING TO THE GOING CONCERN BASIS**

In forming our opinion, we have considered the adequacy of the disclosure in note 3(i) to the consolidated financial statements concerning the adoption of the going concern basis on which the 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 on the assumption that the restructuring agreement will be successfully completed, and that, following the restructuring, the Group will continue to meet in full its financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments that would result from a failure to complete the restructuring. We consider that the disclosures are adequate. However, in view of the extent of the material uncertainty relating to the completion of the restructuring, we disclaimed our opinion in respect of the material uncertainty relating to the going concern basis.

## **DISCLAIMER OF OPINION: DISCLAIMER ON VIEW GIVEN BY FINANCIAL STATEMENTS**

Because of the significance of the matters described in the basis of disclaimer of opinion paragraphs and the material 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 2010 and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards. In all other respects, we also do not express an opinion on the consolidated financial statements have been properly prepared in accordance with 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.

## **BUSINESS REVIEW**

The principal activity of the Company is investment holding. Its Deconsolidated Subsidiaries were principally engaged in the manufacturing of aluminium extrusion products and chemicals for use in electroplating process. The operations of the Group ceased since July 2006. The Group has reactivated its aluminium trading and supply of aluminium products through its newly incorporated companies since June 2008 and December 2009 respectively. In December 2009, the Group entered into a sale and purchase agreement to acquire a factory for manufacturing aluminium products. In order to expand the Group's business, on 20 July 2010, the Group also entered into an agreement with a party to set up a factory which will primarily engage in the manufacturing of aluminium extrusion products.

## **RESTRUCTURING OF THE GROUP**

On 23 April 2008, the Company announced that an agreement for the proposed restructuring of the Group, involving capital reorganization, debt restructuring, subscription of new shares and subscription of preference shares, was entered into on 20 December 2007 among the Company, the Investor, the Provisional Liquidators and Deloitte (the **"Restructuring Agreement"**). On 26 February 2009 and 4 January 2010, the Company, the Investor and the Provisional Liquidators entered into a supplemental agreement to extend the long stop date of the Restructuring Agreement from 31 December 2008 to 31 December 2009 and 31 December 2010 respectively.

## **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 2010.

## **COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE 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 2010.

## **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 suspension in trading of the Company's securities, the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules is not applicable.

## **DIVIDEND**

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 March 2010.

## **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 annual results of the Group for the year ended 31 March 2010 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 Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk) and on the website of the Company at <http://www.ogh-1220.info>.

By Order of the Board, for  
**Ocean Grand Holdings Limited**  
**(Provisional Liquidators Appointed)**  
**Chin Chang Keng, Raymond**  
*Director*

Hong Kong, 5 August 2010

*As at the date of this announcement, the Board of the Company comprises seven executive directors, namely Dr. Yip Kim Po (Chairman), Dr. Hui Ho Ming, Herbert, JP (Deputy and Vice Chairman), Mr. Kwan Man Wai, Mr. Li Lee Cheung, Ms. Yip Wan Fung, Mr. Chin Chang Keng, Raymond and Ms. Ang Mei Lee, Mary.*

\* *For identification purposes only*