

6 Chairman's Statement

SUCCESSFUL LISTING

On behalf of the Board of Directors (the "Board") of Ocean Grand Chemicals Holdings Limited ("Ocean Grand Chemicals" or the "Company") and its subsidiaries (the "Group"), I am delighted to report that the Company's shares commenced trading on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 30 June 2003, with the issue of 78,500,000 new shares, raising net proceeds of HK\$58 million. The successful initial public offering attracted retail and institutional investors both in Hong Kong and overseas, testifying the recognition we enjoyed in the investment community.

It is also a great pleasure to present our first annual report to you. We have recorded a promising growth in both the revenues and earnings, with turnover surging at 171% to HK\$434,202,000 and profits increased by 175% to HK\$63,689,000.



Listing of the Company on the Stock Exchange



Donation by the Company to the Community Chest

OPERATIONS REVIEW

The financial year ended 31 March 2003 was a remarkable year for Ocean Grand Chemicals. We have made many proud achievements.

To meet the ever-growing market demand, we have strategically expanded the production scale of our Hung Hom gold salt production facility from 2,000 kg to 7,000 kg in May 2002. The large scale precious electroplating chemicals plant, construction of which was commenced in 2001 to capture opportunities arising from the flourishing light industries in the Pearl River Delta region and the PRC's entry into the World Trade Organisation, was opened in January 2003 at the Nan Bing Technology and Industrial Park, a major high-tech development zone in Zhuhai, Guangdong province. Equipped with the most advanced facilities and three major production lines, the plant boasts an annual production capacity of 6,000 kg of palladium salt, 160,000 kg of silver salt and 200 kg of rhodium sulphate. These significant moves are not only major milestones in the Group's business development, but also give us first-mover advantage in the PRC market.

Leveraging the strong bond with our customers and the extensive business network being built and continued to strengthen over the past decade, our sales and marketing team will strive to explore new strategic locations for distribution.

Looking ahead, we expect to grow at an increasing momentum. We will seek vertical as well as lateral expansion. We will invest in strengthening the marketing and product development teams, expanding product mix, extending our distribution network in the PRC, and promoting our "Kenlap" brand that it may become a leading brand throughout the territory. Furthermore, the Group is planning to establish 8 to 10 distribution offices throughout the PRC, which will enable us to reach our customers more directly and effectively, and to provide them with additional and improved after-sales services.



Precious metal electroplating chemicals plant located in Zhuhai, the PRC

With comprehensive development plans in place, Ocean Grand Chemicals will continue to expand and enhance its service portfolio, and extend its market reach. We are confident that we are heading in the right direction, and we will increase our tempo, focusing on achieving our goal to become the leading precious metal electroplating chemicals supplier in the region.

APPRECIATION

On behalf of the Board, I would like to express my gratitude to our customers, suppliers, bankers, business associates and shareholders for their continuous support. I would also like to thank our staff for their hard work. Our success is a direct result of their unique talents and loyalty. Sharing our passion, they have made invaluable contribution to the period's results. We appreciate and treasure their hard work and dedication. It is their spirit that will drive Ocean Grand Chemicals to greater success.

Yip Kim Po

Chairman

Hong Kong, 24 July 2003