



**OCEAN GRAND HOLDINGS LIMITED**

**海域集團有限公司\***

(Provisional Liquidators Appointed)

*(Incorporated in Bermuda with limited liability)*

**(Stock code: 1220)**

## **Interim Report 2008**

\* *For identification purposes only*

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## **CORPORATE INFORMATION**

### **BOARD OF DIRECTORS**

#### *Executive Directors:*

Dr. Yip Kim Po (Retired on 30 August 2011)

Dr. Hui Ho Ming, Herbert, *JP*

Mr. Li Lee Cheung

Ms. Yip Wan Fung (Retired on 30 August 2011)

Mr. Kwan Man Wai

Mr. Chin Chang Keng, Raymond (Appointed on 1 September 2008)

Ms. Ang Mei Lee, Mary (Appointed on 1 September 2008)

### **AUDITORS**

Ray W.H. Chan & Co.

Certified Public Accountants

12th Floor, Bel Trade Commercial Building

1-3 Burrows Street

Wanchai

Hong Kong

### **JOINT AND SEVERAL PROVISIONAL LIQUIDATORS**

Joseph Kin Ching Lo and Lai Kar Yan

35th Floor, One Pacific Place

88 Queensway

Hong Kong

### **REGISTERED OFFICE**

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

### **PRINCIPAL PLACE OF BUSINESS**

35th Floor, One Pacific Place

88 Queensway

Hong Kong

### **STOCK CODE**

1220

## MANAGEMENT DISCUSSION AND ANALYSIS

The Board of Directors of Ocean Grand Holdings Limited (Provisional Liquidators Appointed) (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (collectively the “**Group**”) for the six months ended 30 September 2008.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. Its subsidiaries were principally engaged in the manufacturing of aluminium extrusion products and chemicals for use in electroplating process. Since July 2006, the operation of the Company and its subsidiaries ceased.

Subsequently in June 2008, the Group had reactivated the trading business of aluminium extrusion products. In December 2009, the Group further expanded its business into construction supply projects of building materials. The Group is also planning to manufacture aluminium extrusion products in the future.

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

In July 2006, in view of the deterioration of the cash position of the Group to a level which resulted in difficulties for the Group to meet its short term debts, the Board of Directors of the Company (the “**Directors**”) voluntarily resolved to apply for a suspension of trading in its shares on The Stock Exchange of Hong Kong Limited (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.

The trading in the Company’s shares on the Stock Exchange was suspended since 17 July 2006. On 24 and 25 July 2006, the Company presented petitions for its winding-up and applied for the appointment of provisional liquidators to the High Court of Hong Kong (the “**High Court**”) and the Supreme Court of Bermuda (the “**Bermuda Court**”) respectively. Messrs. Lai Kar Yan (Derek) and Joseph Kin Ching Lo, both of Deloitte Touche Tohmatsu (“**Deloitte**”), were appointed as the joint and several provisional liquidators of the Company (the “**Provisional Liquidators**”) by the order of the High Court and the Bermuda Court on 24 and 25 July 2006 respectively.

The hearing of winding-up petitions against the Company by the High Court and the Bermuda Court are adjourned to 19 December 2011 and 23 December 2011 respectively.

### RESTRUCTURING OF THE GROUP

#### *Restructuring Agreement*

On 20 December 2007, the Company, Goldstar Success Limited (the “**Investor**”), the Provisional Liquidators and Deloitte entered into an agreement for the restructuring of the Group (the “**Restructuring Agreement**”), involving inter alia, capital reorganization, debt restructuring, subscription of new shares and preference shares and group reorganization. Subsequently, 4 supplemental agreements were signed to amend certain terms of the restructuring and to extend the long stop date of the Restructuring Agreement.

#### *Scheme and Debt Restructuring*

The Company’s scheme of arrangement for discharging its debts (the “**Scheme**”) was sanctioned by the High Court on 15 April 2008. Modifications on the Scheme were also approved by the High Court on 30 June 2011. The Scheme, upon effective, will bind on the Company and all the indebtedness of the Company will be discharged in full.

### *Business Update*

In June 2008, the Group reactivated its business in trading of aluminium products and ingots. In December 2009, the Group expanded its business into construction supply projects of building materials.

On 30 September 2010, the Group acquired the entire equity interest in Tak Lee Metal Manufactory (Hong Kong) Company Limited and its subsidiary namely Zhongshan City Minzhong Deli Metal Co., Ltd. for manufacturing aluminium products for construction supply projects.

With a view to further develop the business, the Group has entered into an agreement with a company to operate a factory in China to manufacture of aluminium extrusion products. At a special general meeting of the Company held on 23 November 2011, the establishment of the joint venture was duly approved by the shareholders.

### *Resumption Proposal*

As mentioned above, the trading in the Company's shares on the Stock Exchange has been suspended since 17 July 2006.

With a view to resume trading in its shares on the Stock Exchange, the Company submitted a resumption proposal dated 27 August 2008 and an updated proposal dated 19 October 2009 (the "**Resumption Proposal**") to the Listing Committee of the Stock Exchange (the "**Listing Committee**") in respect of the restructuring of the Group.

The Listing Committee and the Listing (Review) Committee of the Stock Exchange had respectively on 12 November 2009 and 25 February 2010 rejected the Resumption Proposal. The Company had made an application to the Listing Appeals Committee for a review of the decision of the Listing Committee and the Listing (Review) Committee.

Finally, on 28 September 2010, the Stock Exchange informed the Company by way of a letter that the Listing Appeals Committee of the Stock Exchange had decided to accept the Resumption Proposal, subject to the Company's compliance with conditions as set out in the same letter to the satisfaction of the Listing Division of the Stock Exchange and confirmation by the Provisional Liquidators by 30 June 2011. Upon application by the Company, on 15 June 2011, the Listing Appeals Committee had agreed to extend the deadline for compliance with the conditions by the Company to 30 November 2011.

The Provisional Liquidators, the Investor and their respective advisors are now working towards to fulfill the conditions imposed by the Listing Appeals Committee of the Stock Exchange.

### **PROSPECTS**

It is anticipated that the financial position of the Group will be substantially improved upon completion of the Restructuring Agreement ("**Completion**") as all the liabilities of the Company will be compromised and discharged through the Scheme.

Further, upon Completion, the Company's shares will resume trading on the Stock Exchange subject to the fulfillment of conditions imposed by the Listing Appeals Committee of the Stock Exchange.

The Company is confident that, with the Investor's strong support in the business and financial aspects, the Group will be able to gain a strong foothold in the aluminium business and achieve more substantial level of operations within a reasonable period of time after the resumption of trading in its shares on the Stock Exchange.

## **RESULTS**

The results of the Group for six months ended 30 September 2008 are set out in the condensed consolidated income statement on page 13.

For the six months ended 30 September 2008, the Group's turnover was approximately HK\$47,300,000 (30 September 2007: HK\$nil). The consolidated profit attributable to equity holders of the Company amounted to approximately HK\$285,000 for the period (30 September 2007: loss of HK\$58,845,000).

Basic earnings per share for six months ended 30 September 2008 was approximately HK0.07 cents as compared with loss per share of HK13.9 cents for the preceding year.

## **INTERIM DIVIDEND**

The Directors do not recommend the payment of interim dividend for the six months ended 30 September 2008 (30 September 2007: nil).

## **LIQUIDITY, FINANCIAL RESOURCES AND FUNDING**

Bank balances and cash as at 30 September 2008 was approximately HK\$3,437,000 (31 March 2008: HK\$121,000). The Group's gearing ratio measured on the basis of the Group's bank borrowings liabilities divided by total equity as at 30 September 2008 was not applicable as the Group had net deficiency in assets (31 March 2008: not applicable).

Liabilities and payables presented in the condensed consolidated financial statements and this report are prepared according to the books and records and available information to the best of our knowledge.

## **SHARE CAPITAL**

Details of movements in share capital of the Company are set out in note 13 to the condensed consolidated financial statements.

## **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 six months ended 30 September 2008.

## OTHER INFORMATION

### DIRECTORS

The Directors of the Company during the period and up to the date of this interim report were:

*Executive Directors:*

|                              |                                 |
|------------------------------|---------------------------------|
| Dr. Yip Kim Po               | (Retired on 30 August 2011)     |
| Dr. Hui Ho Ming, Herbert, JP |                                 |
| Mr. Kwan Man Wai             |                                 |
| Mr. Li Lee Cheung            |                                 |
| Ms. Yip Wan Fung             | (Retired on 30 August 2011)     |
| Mr. Chin Chang Keng, Raymond | (Appointed on 1 September 2008) |
| Mr. Ang Mei Lee, Mary        | (Appointed on 1 September 2008) |

Dr. Yip Kim Po and Ms. Yip Wan Fung were convicted of various criminal charges under District Court Criminal Case Number 960/2007 and 551/2008, which include, inter alia, conspiracy to defraud. As a result of the aforesaid convictions, Dr. Yip Kim Po and Ms. Yip Wan Fung were disqualified as directors with effect from 8 October 2010 for 10 years and 8 years respectively by the order of the District Court of Hong Kong dated 8 October 2010. Dr. Yip Kim Po and Ms. Yip Wan Fung have made an appeal application in the aforesaid criminal proceedings but neither the Directors nor the Provisional Liquidators have been advised of the status of the appeal proceedings. In view of the above, on 29 June 2011, the Directors resolved to suspend their duties as directors. Dr. Yip Kim Po and Ms. Yip Wan Fung were subsequently retired as executive directors of the Company on 30 August 2011 since they were not eligible for re-election in the annual general meeting for the year of 2011 held on the same day.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2008, the interests and short positions of the Directors and the chief executives and their associates in the shares, underlying shares and debentures of the Company and its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and The Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, were as follows:

| Name of director                    | Capacity                                    | Number of issued ordinary shares held | Aggregate interest             | Percentage of the issued share capital of the Company<br><i>Note (3)</i> |
|-------------------------------------|---------------------------------------------|---------------------------------------|--------------------------------|--------------------------------------------------------------------------|
| Dr. Yip Kim Po<br><i>Note (2)</i>   | Beneficial owner and Controlled Corporation | 132,000,000<br><i>Note (1)</i>        | 132,000,000<br><i>Note (1)</i> | 31.14%                                                                   |
| Ms. Yip Wan Fung<br><i>Note (2)</i> | Beneficial owner                            | 19,030,000                            | 19,030,000                     | 4.49%                                                                    |
| Dr. Hui Ho Ming, Herbert            | Beneficial owner                            | 8,480,000                             | 8,480,000                      | 2.00%                                                                    |

*Notes:*

- (1) Based on the registered shareholders list of the Company as at 30 September 2008, Dr. Yip Kim Po is not a registered shareholder of the Company. According to the filing made pursuant to SFO up to 30 September 2008, Dr. Yip Kim Po was beneficially interested in 30,000,000 shares in the Company and indirectly held 102,000,000 in the Company through Holylake Resources Limited and Grecian Resources Limited. The issued shares of Holylake Resources Limited were owned as to 76% and 24% by Dr. Yip Kim Po and Mr. Yip Lap Chi respectively. The issued shares of Grecian Resources Limited were owned as to 76% and 24% by Dr. Yip Kim Po and Mr. Yip Lap Chi respectively.
- (2) As at the date of this annual report, to the information of the Provisional Liquidators and the Directors, a Restraint and Charging Order dated 20 December 2007 against, among others, Dr. Yip Kim Po and Ms. Yip Wan Fung was still in force, restricting them, whether by themselves, their servants, agents, attorneys, or otherwise to dispose of, or deal with, or diminish the value of any of their property, which is located in Hong Kong, whether in their own names or not, and whether solely or jointly owned.
- (3) Based on the latest filing made by Mr. Kwan Man Wai pursuant to the SFO, Mr. Kwan holds 3,300,000 share options of the Company.

Other than as disclosed above, none of the Directors, chief executives nor their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 September 2008.

### SHARE OPTIONS

Particulars of the Company's share option scheme are set out in note 14 to the condensed consolidated financial statements.

In accordance with the terms of the share option scheme of the Company pursuant to which the outstanding options are issued, all the outstanding share options shall lapse automatically (to the extent not already exercised) on the earliest of, among other things, subject to the Scheme becoming effective, the expiry of the period from the requisite meetings of shareholders approving the Scheme to such time to be notified by the Company.

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than as disclosed above, at no time during the period was the Company or any of its subsidiaries, a party to any arrangements to enable the Directors of the Company or their respective spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No contract of significance, to which the Company or its subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during the period.

### SUBSTANTIAL SHAREHOLDERS

As at 30 September 2008, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors or chief executives of the Company, the following shareholders had notified the Company of relevant interests and short positions in the issued share capital of the Company.

#### *Long Position — Substantial shareholders*

| Name                       | Type of interest | Number of shares               | Approximate % of the Company's issued share capital of the Company |
|----------------------------|------------------|--------------------------------|--------------------------------------------------------------------|
| Dr. Yip Kim Po             | Beneficially     | 132,000,000<br><i>Note (1)</i> | 31.14%                                                             |
| Holylake Resources Limited | Directly         | 73,000,000<br><i>Note (1)</i>  | 17.22%                                                             |



### Long Position — Other Person

| Name                                         | Type of interest                          | Number of shares              | Approximate % of the Company's issued share capital of the Company |
|----------------------------------------------|-------------------------------------------|-------------------------------|--------------------------------------------------------------------|
| Paul G. Desmarais                            | Indirectly through Nordex Inc.            | 35,000,000<br><i>Note (2)</i> | 8.26%                                                              |
| Mackenzie Cundill Investment Management Ltd. | Directly                                  | 35,000,000<br><i>Note (2)</i> | 8.26%                                                              |
| Peter Cundill & Associates (Bermuda) Ltd.    | Directly                                  | 34,046,000                    | 8.03%                                                              |
| Mr. Cheah Cheng Hye                          | Indirectly through Value Partners Limited | 29,777,600<br><i>Note (3)</i> | 7.02%                                                              |
| Ms. To Hau Yin                               | Indirectly through Value Partners Limited | 29,777,600<br><i>Note (3)</i> | 7.02%                                                              |
| Value Partners Limited ("VPL")               | Directly                                  | 29,777,600<br><i>Note (3)</i> | 7.02%                                                              |
| Grecian Resources Limited                    | Directly                                  | 29,000,000<br><i>Note (4)</i> | 6.84%                                                              |

#### Notes:

- (1) The Shares are held as to (i) 30,000,000 Shares by Dr. Yip Kim Po ("Dr. Yip"); (ii) 29,000,000 Shares by Grecian Resources Limited and (iii) 73,000,000 Shares by Holylake Resources Limited. Grecian Resources Limited and Holylake Resources Limited are both owned as to 76% by Dr. Yip and 24% by Mr. Yip Lap Chi who is Dr. Yip's father.
- (2) Mr. Paul G. Desmarais is deemed to be interested in the shares through his 68% interest in Nordex Inc., which indirectly held interest in Mackenzie Cundill Investment Management Ltd. This figure refers to the same interest of Mackenzie Cundill Investment Management Ltd. in 35,000,000 shares.
- (3) Mr. Cheah Cheng Hye, being the founder of The C H Cheah Family Trust, is deemed to be interested in the shares. The C H Cheah Family Trust through his trustee, Hang Seng Bank Trustee International Limited, indirectly held interest in VPL. These figures refer to the same interest of VPL in 29,777,600 shares. Ms. To Hau Yin is deemed to be interested in the shares, being a child or spouse of Mr. Cheah Cheng Hye.
- (4) Grecian Resources Limited is owned as to 76% by Dr. Yip and 24% by Mr. Yip Lap Chi who is Dr. Yip's father.

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 September 2008.

### APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In July 2006, all the independent non-executive Directors were resigned. Given the severe financial difficulties of the Group and the prolonged suspension in trading of the shares of the Company on the Stock Exchange, up to the date of this interim report, the Company has not appoint minimum number of persons to be its independent non-executive Directors. As a result, the Company is in breach of Rule 3.19 of the Listing Rules.

## **REVIEW BY THE AUDIT COMMITTEE**

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 and no independent non-executive Directors were appointed following their resignations in July 2006, up to the date of this interim report, no audit committee has been established. As a result, the Company is in breach of Rule 3.21 of the Listing Rules and the condensed consolidated financial statements of the Group for the six months ended 30 September 2008 have not been reviewed by the audit committee, but have been reviewed by the Company's auditor.

## **PRE-EMPTIVE RIGHTS**

There is no provision for pre-emptive rights under the Company's bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

## **SUFFICIENCY OF PUBLIC FLOAT**

Up to the date of this interim report, the trading in the shares of the Company on the Stock Exchange remains in suspension, the sufficiency of public float as required by the Listing Rules is not applicable.

## **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 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 CG Code throughout the six months ended 30 September 2008.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

Given that trading in the shares of the Company on the Stock Exchange has been suspended since 17 July 2006, the Directors are of the view that the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules is not applicable.

## **POST BALANCE SHEET EVENTS**

Details of significant post balance sheet events are set out in note 16 to the condensed consolidated financial statements.

On behalf of the Board

**ANG MEI LEE, MARY**

*DIRECTOR*

30 November 2011

**CHIN CHANG KENG, RAYMOND**

*DIRECTOR*

30 November 2011

## INDEPENDENT REVIEW REPORT

陳偉洪會計師行  
**RAY W.H. CHAN & CO.**  
CHARTERED CERTIFIED ACCOUNTANTS  
CERTIFIED PUBLIC ACCOUNTANTS  
HONG KONG

To the Board of Directors of  
**OCEAN GRAND HOLDINGS LIMITED**  
(Provisional Liquidators Appointed)  
*(Incorporated in Bermuda with limited liability)*

### INTRODUCTION

We were engaged to review the interim financial information set out on pages 13 to 26, which comprise the condensed consolidated balance sheet of Ocean Grand Holdings Limited (Provisional Liquidators Appointed) (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) as at 30 September 2008 and the related condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statements for the six months then ended and certain explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

### SCOPE OF REVIEW

Except for the limitation in the scope of our work as explained below, we conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

## BASIS FOR DISCLAIMER OF CONCLUSION

1. Our report on the consolidated financial statements of the Company for the year ended 31 March 2008 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 and material uncertainty in relation to the going concern of the Company. Accordingly, we were unable to form an opinion as to whether the net liabilities of the Group as at 31 March 2008 and the related disclosures in the notes to the condensed consolidated financial statements for the year ended 31 March 2008 were fairly stated.
2. As disclosed in note 3(iii) to the condensed consolidated financial statements, all of the former accounting personnel of the Group had left and there are potential accounting irregularities. Accordingly, the current directors have been unable to obtain sufficient documentary information in relation to the Deconsolidated Subsidiaries (defined in note 3(ii) to the condensed consolidated financial statements) to satisfy themselves regarding the genuineness of certain books and records and treatment of various balances of the Group as at 30 September 2008 and have formed the conclusion as follows:
  - (a) as explained by the directors in note 3(iii)(a) to the condensed consolidated financial statements, Deconsolidated Subsidiaries were deconsolidated from the condensed consolidated financial statements since 1 January 2005 and OGA was not consolidated into the condensed consolidated financial statements since the date of its incorporation on 19 May 2006. Thus, these condensed consolidated financial statements include the results, assets and liabilities of 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 current directors and material uncertainty relating to the completion of the restructuring of the Company for discharging its debts, the current directors of the Company were unable to obtain sufficient documentary information to satisfy themselves that the following amounts of the Company included in the condensed consolidated financial statements for the six months ended 30 September 2008 as to whether the completeness, correctness of identification and the disclosures recorded by the Group:
    - finance costs of HK\$nil;
    - general and administrative expenses of approximately HK\$30,000;
    - bank balances and cash of approximately HK\$91,000;
    - 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\$126,397,000;
    - share options in note 14;
    - commitments in note 15;
    - deferred taxation; and
    - related parties transaction.

- (b) as explained in note 3(iii)(b) to the condensed 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 condensed consolidated financial statements:
- details of contingent liabilities as required by HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; and
  - details of analysis of pledge of assets.
3. We have not been able to obtain all necessary information for us to complete our review of subsequent events from the balance sheet date up to the date of this report. Such procedures might have resulted in the identification of adjustments to the amounts reported in and/or disclosed as notes to the condensed consolidated financial statements of the Group as at 30 September 2008.

However, as a result of the matters described above, we were unable to obtain sufficient reliable evidence to satisfy ourselves as to whether the condensed consolidated financial statements are free from material misstatement. Any adjustments that might have been found to be necessary in respect of the above would have a significant effect on the Group’s results and cash flows for the six months ended 30 September 2007 and 2008 and on the state of the Group’s affairs as at 31 March 2008 and 30 September 2008 and the related disclosures thereof in the condensed consolidated financial statements.

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

In forming our conclusion, we have considered the adequacy of the disclosures in note 3(i) to the condensed consolidated financial statements concerning the adoption of the going concern basis on which the condensed consolidated financial statements have been prepared. The Company has entered into a conditional agreement with, among others, an investor for the purpose of restructuring of the Company’s indebtedness and revitalising the Group’s business. The condensed 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 condensed 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 review conclusion in respect of the material uncertainty relating to the going concern basis.

#### **DISCLAIMER OF CONCLUSION**

Because of the significance of the matters described in the basis for disclaimer of conclusion paragraphs and the material uncertainty relating to the going concern basis paragraph, we are unable to and do not express any conclusion as to whether the condensed consolidated financial information for the six months ended 30 September 2008 is prepared, in all material respects, in accordance with HKAS 34.

#### **RAY W.H. CHAN & CO.**

*Certified Public Accountants*

12th Floor, Bel Trade Commercial Building

1-3 Burrows Street

Wanchai, Hong Kong

Hong Kong, 30 November 2011

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2008

|                                                                                           |             | <b>6 months ended<br/>30.9.2008<br/>(Unaudited)<br/>HK\$'000</b> | 6 months ended<br>30.9.2007<br>(Unaudited)<br>HK\$'000 |
|-------------------------------------------------------------------------------------------|-------------|------------------------------------------------------------------|--------------------------------------------------------|
|                                                                                           | <i>Note</i> |                                                                  |                                                        |
| <b>Turnover</b>                                                                           | 5           | <b>47,300</b>                                                    | —                                                      |
| Cost of sales                                                                             |             | <b>(46,373)</b>                                                  | —                                                      |
|                                                                                           |             | <hr/>                                                            |                                                        |
| Gross profit                                                                              |             | <b>927</b>                                                       | —                                                      |
| Other income                                                                              | 5           | <b>1</b>                                                         | —                                                      |
| General and administrative expenses                                                       |             | <b>(643)</b>                                                     | (1,495)                                                |
|                                                                                           |             | <hr/>                                                            |                                                        |
| <b>Profit/(Loss) from operations</b>                                                      |             | <b>285</b>                                                       | (1,495)                                                |
| Finance costs                                                                             | 6           | —                                                                | (57,350)                                               |
|                                                                                           |             | <hr/>                                                            |                                                        |
| <b>Profit/(Loss) before income tax</b>                                                    | 7           | <b>285</b>                                                       | (58,845)                                               |
| Income tax                                                                                | 8           | —                                                                | —                                                      |
|                                                                                           |             | <hr/>                                                            |                                                        |
| <b>Profit/(Loss) for the period<br/>attributable to equity holders of<br/>the Company</b> |             | <b>285</b>                                                       | (58,845)                                               |
|                                                                                           |             | <hr/>                                                            |                                                        |
| <b>Earnings/(Loss) per share</b>                                                          | 10          |                                                                  |                                                        |
| — Basic                                                                                   |             | <b>HK0.07 cents</b>                                              | (HK13.9 cents)                                         |
|                                                                                           |             | <hr/>                                                            |                                                        |
| — Diluted                                                                                 |             | <b>N/A</b>                                                       | N/A                                                    |
|                                                                                           |             | <hr/>                                                            |                                                        |

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2008

|                                              |             | <b>30.9.2008</b>   | 31.3.2008       |
|----------------------------------------------|-------------|--------------------|-----------------|
|                                              |             | <b>(Unaudited)</b> | (Audited)       |
|                                              | <i>Note</i> | <b>HK\$'000</b>    | <b>HK\$'000</b> |
| <b>ASSETS AND LIABILITIES</b>                |             |                    |                 |
| <b>Non-current assets</b>                    |             |                    |                 |
| Interests in Deconsolidated Subsidiaries     |             | —                  | —               |
| <b>Current assets</b>                        |             |                    |                 |
| Trade and other receivables                  | 11          | 36,252             | —               |
| Amounts due from Deconsolidated Subsidiaries |             | —                  | —               |
| Bank balances and cash                       |             | 3,437              | 121             |
|                                              |             | <b>39,689</b>      | 121             |
| <b>Current liabilities</b>                   |             |                    |                 |
| Short-term borrowings                        |             | 1,448,078          | 1,448,078       |
| Trade and other payables                     | 12          | 430,385            | 391,101         |
| Amounts due to Deconsolidated Subsidiaries   |             | 126,397            | 126,398         |
|                                              |             | <b>2,004,860</b>   | 1,965,577       |
| <b>Net current liabilities</b>               |             | <b>(1,965,171)</b> | (1,965,456)     |
| <b>Net liabilities</b>                       |             | <b>(1,965,171)</b> | (1,965,456)     |
| <b>CAPITAL AND RESERVES</b>                  |             |                    |                 |
| Share capital                                | 13          | 423,835            | 423,835         |
| Reserves                                     |             | (2,389,006)        | (2,389,291)     |
| <b>Total equity</b>                          |             | <b>(1,965,171)</b> | (1,965,456)     |

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2008

|                                     | Attributable to equity holders of the Company |                              |                                    |                                              |                                   | Total<br>equity<br>HK\$'000 |
|-------------------------------------|-----------------------------------------------|------------------------------|------------------------------------|----------------------------------------------|-----------------------------------|-----------------------------|
|                                     | Share<br>capital<br>HK\$'000                  | Share<br>premium<br>HK\$'000 | Contributed<br>surplus<br>HK\$'000 | Capital<br>redemption<br>reserve<br>HK\$'000 | Accumulated<br>losses<br>HK\$'000 |                             |
| At 1 April 2007                     | 423,835                                       | 114,340                      | 145,517                            | 581                                          | (2,532,779)                       | (1,848,506)                 |
| Loss for the period                 | —                                             | —                            | —                                  | —                                            | (58,845)                          | (58,845)                    |
| At 30 September 2007<br>(Unaudited) | 423,835                                       | 114,340                      | 145,517                            | 581                                          | (2,591,624)                       | (1,907,351)                 |
| At 1 April 2008                     | 423,835                                       | 114,340                      | 145,517                            | 581                                          | (2,649,729)                       | (1,965,456)                 |
| Profit for the period               | —                                             | —                            | —                                  | —                                            | 285                               | 285                         |
| At 30 September 2008<br>(Unaudited) | 423,835                                       | 114,340                      | 145,517                            | 581                                          | (2,649,444)                       | (1,965,171)                 |



## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2008

|                                                        | <b>6 months ended<br/>30.9.2008<br/>(Unaudited)<br/>HK\$'000</b> | 6 months ended<br>30.9.2007<br>(Unaudited)<br>HK\$'000 |
|--------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------|
| Net cash (used in)/generated from operating activities | (8,185)                                                          | 16                                                     |
| Net cash generated from investing activities           | 1                                                                | —                                                      |
| Net cash generated from financing activities           | 11,500                                                           | —                                                      |
| Net increase in cash and cash equivalents              | 3,316                                                            | 16                                                     |
| Cash and cash equivalents at beginning of period       | 121                                                              | 106                                                    |
| Cash and cash equivalents at end of period             | 3,437                                                            | 122                                                    |
| Analysis of cash and cash equivalents                  |                                                                  |                                                        |
| Bank balances and cash                                 | 3,437                                                            | 122                                                    |

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 September 2008

### 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. 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 manufacturing of aluminium extrusion products and chemicals for use in electroplating process. The operations of the Group have ceased since July 2006. The Group has reactivated its trading of aluminium products through its newly incorporated subsidiaries since June 2008.

These 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.

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 Company, the High Court adjourned the hearing of winding up petition against the Company to further date. On 11 July 2011, the High Court of Hong Kong had further adjourned the hearing of the petition to 19 December 2011.

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 Company, the Supreme Court of Bermuda adjourned the hearing of winding-up petition against the Company to further date. On 15 July 2011, the Supreme Court of Bermuda further adjourned the hearing of the petition to 23 December 2011.

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.

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

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. On 28 September 2010, the Listing Appeals Committee of the Stock Exchange had decided to accept the Resumption Proposal, subject to the Company's compliance with certain conditions (as set out in the decision letter from the Stock Exchange to the Company dated 28 September 2010) to the satisfaction of the Listing Division of the Stock Exchange by 30 June 2011 and confirmation by the Provisional Liquidators. Upon application by the Company, the Listing Appeals Committee had on 15 June 2011 agreed to extend the deadline for compliance with the conditions by the Company to 30 November 2011.

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. In light of the amendments on certain terms of the Restructuring Agreement (defined below), on 24 June 2011, the Provisional Liquidators made an application to the High Court for modification to the Scheme and the High Court has approved such modification on 30 June 2011.

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 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. BASIS OF PREPARATION

### (i) Going concern basis

The Group had net liabilities of approximately HK\$1,965 million (31 March 2008: HK\$1,965 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 condensed 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 reorganisation, debt restructuring, subscription of new shares and subscription of preference shares, was entered into on 20 December 2007 among the Company, Goldstar Success Limited (the "**Investor**"), the Provisional Liquidators and Deloitte (the "**Restructuring Agreement**"). On 26 February 2009, 4 January 2010 and 12 April 2011, 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, 31 December 2010 and 31 December 2011 respectively. On 1 August 2011, the Company, the Investor, the Provisional Liquidators and the Escrow Agent entered into a supplementary agreement to make amendments to the term of Restructuring Agreement.

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 aluminium products through Parkson and supply of aluminium products to construction companies through FEL since June 2008 and December 2009 respectively.

On 30 September 2010, the Group acquired entire equity interest in Tak Lee Metal Manufactory (Hong Kong) Company Limited and its subsidiary namely Zhongshan City Minzhong Deli Metal Co., Ltd through FEL.

### 3. BASIS OF PREPARATION (CONTINUED)

#### (i) Going concern basis (continued)

In addition, on 20 July 2010, the Group entered into an agreement with a company to establish a joint venture for manufacturing aluminium extrusion products.

On 29 November 2010, Fast Excel Gold Mountain Zhongshan Aluminium Products (Hong Kong) Limited, a subsidiary of the Company, was incorporated in Hong Kong for the purpose of the establishment of joint venture.

Save for Golden Beach, FEL, Parkson, Tak Lee Metal Manufactory (Hong Kong) Company Limited, Zhongshan City Minzhong Deli Metal Co., Ltd and Fast Excel Gold Mountain Zhongshan Aluminium Products (Hong Kong) Limited and the proposed joint venture, 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 Scheme which was sanctioned by the High Court of Hong Kong on 15 April 2008. Modification to the Scheme were subsequently approved by the High Court on 30 June 2011.

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 condensed consolidated financial statements on a going concern basis.

The condensed 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 condensed 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.

### 3. BASIS OF PREPARATION (CONTINUED)

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

##### *Deconsolidation of subsidiaries*

The condensed 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 condensed 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

##### *Disposed deconsolidated subsidiaries*

Ocean Grand Chemicals Holdings Limited (“**OGC**”)  
(currently known as Hong Kong Resources Holdings Company Limited)  
(*Note 1*)  
Dynamic Market Trading Limited (*Note 2*)  
Kenlap Fine Chemical (Zhuhai) Technology Company Limited (*Note 2*)  
Kenlap Chemicals Limited (In Liquidation) (*Note 2*)  
Kenlap P.G.C. Manufacturer Company Limited (In Liquidation) (*Note 2*)  
Ocean Grand Chemicals (BVI) Limited (In Liquidation) (*Note 2*)  
OGC Management Services Limited (Dissolved) (*Note 2*)  
Successful Environmental Works and Investments Company Limited (*Note 2*)  
Wintex Holdings Limited (*Note 2*)

(*Note 1*): All the shares in the capital of Successful Gold Profits Limited, immediate holding company of OGC, 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. The court orders for the withdrawal of the winding-up petitions and the discharge of the provisional liquidators of OGC were granted on 25 September 2008 by the Supreme Court of Bermuda and on 30 September 2008 by High Court. Successful Gold Profits Limited was also placed into liquidation on 3 March 2009. Following completion of OGC’s restructuring agreement and the liquidators of Successful Gold Profits Limited had disposed of the company’s interest in OGC, OGC formed no part of the Company accordingly.

(*Note 2*): Pursuant to the scheme of arrangement between OGC and its scheme creditors, and following the debt restructuring has been completed on 30 September 2008, these subsidiaries directly and indirectly owned by OGC were transferred to the scheme administrators or their nominees of creditors’ scheme of OGC. Accordingly, these subsidiaries formed no part of the Company.

### 3. BASIS OF PREPARATION (CONTINUED)

#### (ii) Deconsolidation of subsidiaries and a subsidiary not consolidated (continued)

##### *Deconsolidation of subsidiaries (continued)*

- (b) In addition, the results, assets and liabilities of the following small-sized or inactive subsidiaries were also deconsolidated from the condensed consolidated financial statements since 1 January 2005. The directors considered that the exclusion of the results, assets and liabilities of these subsidiaries from the condensed consolidated financial statements would not significantly affect the results of the Group for the current period 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

- (c) 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 condensed consolidated financial statements would not significantly affect the results of the Group for the six months ended 30 September 2008.

Thus, in the opinion of directors, the condensed consolidated financial statements for the six months ended 30 September 2008 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 had left, the current 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 was not consolidated into the consolidated financial statements since the date of its incorporation on 19 May 2006. Thus, these condensed consolidated financial statements include the results, assets and liabilities of the Company and its newly incorporated subsidiaries namely Golden Beach, FEL and Parkson. Due to limited books and records of the Deconsolidated Subsidiaries available to the current directors and material uncertainty relating to the completion of the restructuring of the Company for discharging its debts, the current directors of the Company were unable to obtain sufficient documentary information to satisfy themselves that the following amounts of the Company included in the condensed consolidated financial statements for the six months ended 30 September 2008 as to whether the completeness, correctness of identification and the disclosures recorded by the Group:

- finance costs of HK\$nil;
- general and administrative expenses of approximately HK\$30,000;
- bank balances and cash of approximately HK\$91,000;
- short-term borrowings of approximately HK\$1,448,078,000;

### 3. BASIS OF PREPARATION (CONTINUED)

#### (iii) Insufficient information provided by the directors (continued)

##### (a) (continued)

- trade and other payables of approximately HK\$391,101,000;
- amounts due to Deconsolidated Subsidiaries of approximately HK\$126,397,000;
- share options in note 14;
- commitments in note 15;
- deferred taxation; and
- related parties transactions.

##### (b) Due to limited books and records of Deconsolidated Subsidiaries available to the directors, following disclosures have not been made in the condensed consolidated financial statements.

- details of contingent liabilities as required by HKAS 37 “Provisions, Contingent Liabilities and Contingent Assets”; and
- details of analysis of pledge of assets.

Any adjustments arising from the matters described above might have a significant consequential effect on the profit and cash flows of the Group for the six months ended 30 September 2008 and the net liabilities of the Group as at 30 September 2008 and the related disclosures thereof in the condensed consolidated financial statements.

Also, as a result of the matters described above, the comparative figures shown in the condensed consolidated income statement and condensed consolidated cash flow statements for the six months ended 30 September 2007 and in the condensed consolidated balance sheet as at 31 March 2008 and related explanatory notes may not be comparable with the figures for the current period.

### 4. PRINCIPAL ACCOUNTING POLICIES

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

The principal accounting policies adopted in the condensed consolidated financial statements are consistent with those adopted in the preparation of the Group’s annual financial statements for the year ended 31 March 2008.

In the current period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) that are relevant to its operations and effective for accounting periods beginning on 1 April 2008. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group’s accounting policies and amounts reported for the current and prior year.

The Group has not early applied the new 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

The Group is mainly engaged in the trading of aluminium products in PRC only. Segment information is therefore not applicable.

|                     | <b>6 months ended<br/>30.9.2008<br/>(Unaudited)<br/>HK\$'000</b> | 6 months ended<br>30.9.2007<br>(Unaudited)<br>HK\$'000 |
|---------------------|------------------------------------------------------------------|--------------------------------------------------------|
| <b>SALES</b>        | <b>47,300</b>                                                    | —                                                      |
| <b>OTHER INCOME</b> |                                                                  |                                                        |
| Interest income     | <u>1</u>                                                         | —                                                      |
|                     | <b>47,301</b>                                                    | —                                                      |

## 6. FINANCE COSTS

|                                                        | <b>6 months ended<br/>30.9.2008<br/>(Unaudited)<br/>HK\$'000</b> | 6 months ended<br>30.9.2007<br>(Unaudited)<br>HK\$'000 |
|--------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------|
| Interest on borrowings wholly repayable within 5 years | —                                                                | <u>57,350</u>                                          |

## 7. PROFIT/(LOSS) BEFORE INCOME TAX

This is stated after charging:

|                                                             | <b>6 months ended<br/>30.9.2008<br/>(Unaudited)<br/>HK\$'000</b> | 6 months ended<br>30.9.2007<br>(Unaudited)<br>HK\$'000 |
|-------------------------------------------------------------|------------------------------------------------------------------|--------------------------------------------------------|
| Operating lease payments made in respect of rental premises | <b>156</b>                                                       | —                                                      |
| Staff costs, including directors' emoluments                | <b>309</b>                                                       | <u>1,207</u>                                           |

## 8. 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 2008 as the Group did not generate any estimated assessable profits arising in Hong Kong for the period (2007: Nil).

## 9. INTERIM DIVIDEND

No dividends were paid, declared or proposed during the period. The directors have resolved not to declare an interim dividend for the six months ended 30 September 2008 (2007: Nil).

## 10. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the six months ended 30 September 2008 is based on the profit attributable to equity holders of the Company of approximately HK\$285,000 (2007: loss attributable to equity holders approximately HK\$58,845,000) and on the weighted average number of 423,835,000 shares (2007: 423,835,000) in issue during the period.

The share options have no dilutive effect on ordinary shares for the six months ended 30 September 2007 and 2008 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. Therefore, no diluted loss per share for the six months ended 30 September 2007 and 2008 has been presented.



## 11. TRADE AND OTHER RECEIVABLES

|                                         | <b>30.9.2008</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | 31.3.2008<br>(Audited)<br>HK\$'000 |
|-----------------------------------------|-----------------------------------------------------------|------------------------------------|
| <b>Trade receivable (Note a)</b>        | <b>34,696</b>                                             | —                                  |
| <b>Other receivables</b>                |                                                           |                                    |
| Deposits, prepayments and other debtors | <u>1,556</u>                                              | —                                  |
|                                         | <b>36,252</b>                                             | —                                  |

### (a) Trade receivables

The Group allows a credit period normally 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:

|               | <b>30.9.2008</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | 31.3.2008<br>(Audited)<br>HK\$'000 |
|---------------|-----------------------------------------------------------|------------------------------------|
| 0 to 30 days  | <u>23,999</u>                                             | —                                  |
| 31 to 60 days | <u>10,697</u>                                             | —                                  |
|               | <b>34,696</b>                                             | —                                  |

## 12. TRADE AND OTHER PAYABLES

|                                     | <b>30.9.2008</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | 31.3.2008<br>(Audited)<br>HK\$'000 |
|-------------------------------------|-----------------------------------------------------------|------------------------------------|
| <b>Trade payables (Note a)</b>      | <b>27,493</b>                                             | —                                  |
| <b>Other payables</b>               |                                                           |                                    |
| Accrued charges and other creditors | <u>402,892</u>                                            | 391,101                            |
|                                     | <b>430,385</b>                                            | 391,101                            |

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\$11,500,000 respectively (31 March 2008: HK\$386,097,000 and HK\$nil).

### (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>30.9.2008</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | 31.3.2008<br>(Audited)<br>HK\$'000 |
|---------------|-----------------------------------------------------------|------------------------------------|
| 0 to 30 days  | <u>23,616</u>                                             | —                                  |
| 31 to 60 days | <u>3,877</u>                                              | —                                  |
|               | <b>27,493</b>                                             | —                                  |

13. SHARE CAPITAL

|                                  | 30.9.2008                |                                   | 31.3.2008                |                                 |
|----------------------------------|--------------------------|-----------------------------------|--------------------------|---------------------------------|
|                                  | Number of shares<br>'000 | Amount<br>(Unaudited)<br>HK\$'000 | Number of shares<br>'000 | Amount<br>(Audited)<br>HK\$'000 |
| <b>Authorised:</b>               |                          |                                   |                          |                                 |
| Ordinary shares of HK\$1.00 each | 1,000,000                | 1,000,000                         | 1,000,000                | 1,000,000                       |
| <b>Issued and fully paid:</b>    |                          |                                   |                          |                                 |
| Ordinary shares of HK\$1.00 each | 423,835                  | 423,835                           | 423,835                  | 423,835                         |

14. SHARE OPTIONS

The following table sets out the movements of the Company's outstanding share options during the period:

Movements in share options granted under the Share Option Scheme–2002 (Amended) during the period, and which remain outstanding at the balance sheet date were:

| Date of grant     | Exercise period*                 | Subscription price per share<br>HK\$ | Number of share options outstanding at 1.4.2008 and 30.9.2008<br>'000 |
|-------------------|----------------------------------|--------------------------------------|-----------------------------------------------------------------------|
| 24 September 2003 | 24 September 2003 to 6 June 2012 | 1.660                                | 15,600                                                                |
| 7 October 2003    | 7 October 2003 to 6 June 2012    | 1.999                                | 3,300                                                                 |

\* Share options are vested from date of grant.

Details of the share options outstanding during the period are as follows:

|                                                           | 30.9.2008               |                                         | 31.3.2008               |                                         |
|-----------------------------------------------------------|-------------------------|-----------------------------------------|-------------------------|-----------------------------------------|
|                                                           | Number of share options | Weighted average exercise price<br>HK\$ | Number of share options | Weighted average exercise price<br>HK\$ |
| Outstanding at the beginning of the period/year           | 18,900                  | 1.7192                                  | 40,450                  | 1.5900                                  |
| Lapsed during the period/year                             | —                       | —                                       | (21,550)                | (1.4767)                                |
| Outstanding and exercisable at the end of the period/year | 18,900                  | 1.7192                                  | 18,900                  | 1.7192                                  |

15. COMMITMENTS

Operating lease commitments

At the balance sheet date, the total future minimum lease payments under non-cancellable operating leases are analysed as follows:

|                     | <b>30.9.2008</b><br><b>(Unaudited)</b><br><b>HK\$'000</b> | 31.3.2008<br>(Audited)<br>HK\$'000 |
|---------------------|-----------------------------------------------------------|------------------------------------|
| Within one year     | 554                                                       | —                                  |
| Later than one year | 327                                                       | —                                  |
|                     | <hr/>                                                     | <hr/>                              |
|                     | <b>881</b>                                                | —                                  |
|                     | <hr/>                                                     | <hr/>                              |

16. POST BALANCE SHEET EVENTS

Details of significant post balance sheet events are summarised in notes 2 and 3 to the condensed consolidated financial statements.