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**OCEAN GRAND HOLDINGS LIMITED**

**海域集團有限公司\***

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 1220)**

## **ANNOUNCEMENT**

This announcement is made pursuant to rule 13.09(1) of the Listing Rules.

Further to the Company's announcement dated 11 July 2006, the Board wishes to announce that the audit committee of OG Chemicals, a major subsidiary of the Company, on the recommendation of and with the active assistance of the Hong Kong management team of the Company, intends to appoint DTFS to enquire into certain accounting issues relating to OG Chemicals' precious metal electroplating chemicals trading business and Kenlap Zhuhai.

As a result of the outstanding issues to be clarified in respect of the Audit, which is still continuing, and the DTFS enquiries, there may be a delay in the publication by OG Chemicals of the Results Announcement and despatch to its shareholders of the Annual Report.

Furthermore, the Company has noted the recent decrease in the share price and the increase in the trading volume of the shares of the Company and wishes to state that, save as disclosed herein and in the announcement of the Company dated 11 July 2006, the Company is not aware of any reason for such decrease in the share price and increase in the trading volume.

Save as disclosed herein, and in the announcements of the Company dated 4 April 2006 and 3 July 2006 (in relation to the Proposed Acquisition) and the announcement of the Company dated 11 July 2006, the Company also confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23, neither is the Board aware of any

matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.

**Shareholders of the Company and the public are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made pursuant to rule 13.09(1) of the Listing Rules.

Reference is made to the announcement of the Company dated 11 July 2006, in relation to, among other things, the investigation into potential accounting irregularities at OG Foshan and, with the active assistance of the Hong Kong management team of the Company, the appointment by the Audit Committee of DTFS, an independent firm, to carry out an independent enquiry into certain accounting issues of the Company on behalf of the Audit Committee. The Board wishes to further announce that the audit committee of OG Chemicals, a major subsidiary of the Company, on the recommendation of and with the active assistance of the Hong Kong management team of the Company, intends to appoint DTFS to enquire into certain accounting issues relating to OG Chemicals' precious metal electroplating chemicals trading business and Kenlap Zhuhai. OG Chemicals is principally engaged in the manufacturing and trading of precious metal electroplating chemicals in the PRC and Hong Kong. Further details in respect of the proposed engagement of DTFS by OG Chemicals will be set out in a separate announcement to be made by OG Chemicals.

The Board is of the view that it is too early to ascertain the potential negative impact on the Group arising from the potential accounting irregularities which have been identified by the Auditor during the conduct of its Audit (which is still continuing) and which will also be the subject of an independent enquiry to be carried out by DTFS in relation to the Company and its subsidiaries (now extended to include OG Chemicals). These accounting issues relate to the recoverability and genuineness of certain accounts receivable, accounts payable, sales and purchases and other transactions of certain subsidiaries of the Company, including OG Foshan, OG Aluminium Foshan, Hing Yip (Hong Kong), Kenlap Zhuhai, Kenlap Chemicals and Kenlap PGC, which contributed approximately 38%, 8%, 7%, 14%, 2% and 21% respectively of the Group's profit from operations for the year ended 31 December 2004. An announcement will be made by the Company with updates on the development of this matter as and when appropriate on a timely basis.

As a result of the outstanding issues to be clarified in respect of the Audit, which is still continuing, and the independent DTFS enquiries, the Company is of the view that there may be a delay in the publication by OG Chemicals of the Results Announcement and despatch to its shareholders of the Annual Report. If this is the case, a detailed announcement on this issue will be released by OG Chemicals when appropriate.

Furthermore, the Company has noted the recent decrease in the share price and the increase in the trading volume of the shares of the Company and wishes to state that, save as disclosed herein and in the announcement of the Company dated 11 July 2006, the Company is not aware of any reason for such decrease in the share price and increase in the trading volume.

Save as disclosed herein, and in the announcements of the Company dated 4 April 2006 and 3 July 2006 (in relation to the Proposed Acquisition) and the announcement of the Company dated 11 July 2006, the Company also confirms that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23 of the Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

**Shareholders of the Company and the public are advised to exercise caution when dealing in the shares of the Company.**

## **DEFINITIONS**

In this announcement, the following expressions shall have the following meanings unless the context requires otherwise:

“Annual Report”	The annual report of the OG Chemicals Group for the year ended 31 March 2006
“Audit”	The audit of the OG Chemicals Group’s accounts for the year ended 31 March 2006
“Audit Committee”	The audit committee of the Company
“Auditor”	Messrs. PricewaterhouseCoopers, the external auditor of the Company
“Board”	The board of Directors
“Company”	Ocean Grand Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange

“Directors”	The directors of the Company
“DTFS”	Deloitte & Touche Forensic Services Limited
“Group”	The Company and its subsidiaries
“Hing Yip (Hong Kong)”	Hing Yip Holdings (Hong Kong) Limited, a wholly-owned subsidiary of the Company incorporated under the laws of, and operating in Hong Kong
“Kenlap Chemicals”	Kenlap Chemicals Limited, a company incorporated under the laws of, and operating in, Hong Kong, and a wholly-owned subsidiary of OG Chemicals
“Kenlap PGC”	Kenlap P.G.C. Manufacturer Company Limited, a company incorporated under the laws of, and operating in, Hong Kong, and a wholly-owned subsidiary of OG Chemicals
“Kenlap Zhuhai”	僑立精細化工(珠海)科技有限公司(Kenlap Fine Chemical (Zhuhai) Technology Company Limited), a company incorporated under the laws of, and operating in, the PRC, and a wholly-owned subsidiary of OG Chemicals
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“OG Chemicals”	Ocean Grand Chemicals Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange, and which is indirectly owned as to approximately 73% by the Company
“OG Aluminium Foshan”	弘力鋁業(佛山)有限公司 (OG Aluminium Company Limited (Foshan)), a wholly-owned subsidiary of the Company incorporated under the laws of, and operating in, the PRC
“OG Chemicals Group”	OG Chemicals and its subsidiaries
“OG Foshan”	海域鋁業(佛山)有限公司 (Ocean Grand Aluminium Company Limited (Foshan)), a wholly-owned subsidiary of the Company incorporated under the laws of, and operating in, the PRC
“PRC”	The People’s Republic of China

“Proposed Acquisition”	The proposed acquisition by the Company of all or part of the equity interest of a potential vendor in a joint venture company established in the PRC which is principally engaged in the business of production and distribution of aluminium extrusion products in the PRC, as referred to in the announcements of the Company dated 4 April 2006 and 3 July 2006
“Results Announcement”	The audited results announcement of the OG Chemicals Group for year ended 31 March 2006
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**Ocean Grand Holdings Limited**  
**Dr. Yip Kim Po, FHKIoD**  
*Chairman*

Hong Kong, 12 July 2006

*As at the date of this announcement, the Board comprises six executive directors, namely Dr. Yip Kim Po, FHKIoD (Chairman), Mr. Hui Ho Ming, Herbert, JP, FHKIoD (Deputy and Vice Chairman), Mr. Kwan Yan, Mr. Kwan Man Wai, Mr. Li Lee Cheung and Ms. Yip Wan Fung, and three independent non-executive directors, namely Mr. Choy Tak Ho, Mr. Chau Po Fan and Mr. Lee Kwan Ho, Vincent Marshall (Chairman of the Audit Committee).*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm having made all reasonable inquiries that, to the best of their knowledge, the opinions expressed in this announcement have been arrived after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*

\* For identification purposes only

Please also refer to the published version of this announcement in The Standard.