THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Orient Resources Group Company Limited**, you should at once hand this circular and the accompanying form of proxy and the reply slip to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

ORIENT RESOURCES GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 467)

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF PROPERTY

It is important to note that the purpose of distributing this circular is to provide the Shareholders with information on the proposed Disposal by the Company, so that the Shareholders may make an informed decision on voting in respect of the resolution to be tabled at the SGM. This circular does not constitute, or form part of, an offer or invitation, or solicitation or inducement of an offer, to subscribe for or purchase any of the Shares or other securities of the Company, nor is this circular circulated to invite offers for any Shares or other securities of the Company.

A letter from the Board is set out on pages 5 to 16 of this circular.

A notice convening the SGM to be held at The Cypress, Level 3, Renaissance Kowloon Hotel Hong Kong, 22 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday 24 January 2007 at 3:00 p.m. is set out on pages 79 to 80 of this circular. Whether or not you intend to attend the SGM, please complete and return the enclosed form of proxy in accordance with the instruction printed thereon and return it to the Hong Kong branch share registrar and transfer office of the Company, Secretaries Limited, at 26/F., Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event, not less than 48 hours before the time fixed for holding the SGM or any adjournment thereof (as the case may be). Completion and return of the form(s) of proxy will not preclude you from attending and voting in person at the SGM or at any adjourned meeting should you so wish.

6 January 2007

CONTENTS

In this circular, unless the context otherwise requires, the following expressions have the following meanings respectively:

"Acquisition"	the acquisition of the entire share capital of Grand Hope
"associate"	has the same meaning as ascribed to it under the Listing Rules
"Beijing Guorui"	北京國瑞興業地產有限公司(Beijing Guorui Industrial and Property Company Limited), a limited liability company established in the PRC
"Beijing Xinhongji"	北京新宏基盛城投資有限公司(Beijing Xinhongji Shengcheng Investment Co., Ltd.), a limited liability company established in the PRC
"Board"	the board of Directors
"Bye-Laws"	the bye-laws of the Company
"chief executive"	has the same meaning as ascribed to it under the Listing Rules
"Commercial Building"	The levels 2 and 3 of a commercial building located at No. 388-1 Shen Liao Road, Shenyang Economic and Technology Development Region, Shenyang with a total gross floor area of approximately 23,093.13 square meter owned by Shenyang Dadongfang
"Company"	Orient Resources Group Company Limited, a company incorporated in Cayman Islands and continued in Bermuda with limited liability, the Shares of which are listed on the Stock Exchange
"Completion"	the completion of the Disposal pursuant to the terms and conditions of the S&P Agreement
"Completion Date"	completion of the S&P Agreement, which is scheduled to take place not earlier than 1 March 2007
"Consideration"	the consideration payable by the Purchaser for the Property, as more particularly set out under the paragraph headed "Consideration"

"controlling shareholders"	has the same meaning as ascribed to it under the Listing Rules
"Directors"	the directors of the Company
"Disposal"	the disposal of the Property by the Vendor to the Purchaser pursuant to the terms of the S&P Agreement
"Expenses"	being the legal expenses, valuation expenses, print charges and miscellaneous expenses in relation to the Disposal
"Grand Hope"	Grand Hope Group Limited, a company incorporated in the British Virgin Islands with limited liability
"Group"	the Company and its subsidiaries
"Harbin Shirun"	哈爾濱時潤經貿有限責任公司(Harbin Shirun Trading Co., Ltd.), a limited liability company established in the PRC
"Hong Kong"	The Hong Kong Special Administrative Region of the PRC
"Independent Third Party(ies)"	a person or an entity, who, to the best of the knowledge, information and belief of the Directors, after making all reasonable enquiries, is not connected with any of the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or their respective associates of the Company
"Land"	the parcels of land located at the Southern Part of Lian He Road, Dadong District, Shenyang with total site area of approximately 328,862.8 square meter owned by Shenyang Dadongfang
"Latest Practicable Date"	5 January 2007, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion therein
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange

"Net Sales Proceeds"	the sales proceeds from the Disposal after deduction of the Expenses
"PRC"	the People's Republic of China
"Purchaser"	Union Step Limited, an Independent Third Party
"Remaining Group"	the group immediately after the Completion
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	the special general meeting of the Company to be held on 24 January 2007 to approve, inter alia, the Disposal
"S&P Agreement"	the formal sale and purchase agreement entered into between the Vendor and the Purchaser in relation to the Disposal dated 10 November 2006
"Shareholders"	the holder(s) of Shares
"Shares"	ordinary shares(s) of HK$0.01 each in the issued share capital of the Company
"Shenyang Dadongfang"	瀋陽大東方置業有限公司(Shenyang Dadongfang Property Development Co., Ltd.), a sino-foreign joint venture enterprise established in the PRC
"Shenyang Minghu"	東方家園瀋陽明湖建材家居有限公司(Orient Home Shenyang Minghu Household Building Materials Company Limited), a limited liability company established in the PRC
"Shengyang Projects"	the construction of commercial centre, exhibition centre, hotel, service apartment, office building and/or complementary entertainment and dining facilities for sale and for lease on the Land
"Shenyang Shengtaiyuan"	瀋陽盛泰源物流有限公司(Shenyang Shengtaiyuan Logistics Company Limited), a limited liability company established in the PRC

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholders"	has the same meaning as ascribed to it under the Listing Rules
"Vendor"	Fine Profit Corporation Limited, a company incorporated in Hong Kong with limited liability, being wholly-owned subsidiary of the Company
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong

(Unless otherwise specified in this circular, amounts denominated in RMB have been converted into HK$ at a rate of RMB1.00 to HK$0.990. No representation is made that any amounts in RMB or HK$ could have been or could be converted at the above rate or at any other rates or at all.)

ORIENT RESOURCES GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 467)

Directors
Executive Directors
Zhang Hongwei *(Chairman)*
Zhu Jun
Zhang Meiying

Independent Non-Executive Directors
Chau Siu Wai
San Fung
Zhu Chengwu

Principal Office
Unit 2112
Two Pacific Place
88 Queensway
Hong Kong

Registered Office
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

6 January 2007

To the Shareholders

Dear Sir or Madam,

VERY SUBSTANTIAL DISPOSAL
DISPOSAL OF PROPERTY

A. INTRODUCTION

On 10 November 2006, the Company announced that the Vendor had on the same date entered into the S&P Agreement with the Purchaser pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property for a Consideration of HK$33,330,000.

The Company is listed on the Stock Exchange. The Disposal constitutes a very substantial disposal for the Company under the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Disposal has to be made conditional on the approval of Shareholders at a Shareholders' meeting of the Company.

The purpose of this circular is to provide you with further details of the Disposal and other information as required by the Listing Rules and to give you notice of the SGM at which an ordinary resolution will be proposed to seek your approval of the Disposal.

B. S&P AGREEMENT

The S&P Agreement had been entered into by the Purchaser and the Vendor on 10 November 2006 for the Disposal of Property.

The Vendor (being the registered owner of the Property) is a direct wholly-owned subsidiary of the Company.

The Directors confirm that, to the best of the knowledge, information and belief of the Directors, after making all reasonable enquiries, the Purchaser and the ultimate beneficial owners of the Purchaser are Independent Third Parties of the Company and the connected persons of the Company in accordance with Rule 14.58(3) of the Listing Rules. The Purchaser is principally engaged in investment holding including property investment.

The Property

The asset to be disposed of by the Vendor is its entire interest in the following Property:

The whole of 5th Floor and 6th Floor, and Car Parking Spaces Nos. 33, 34 and 50, Ground Floor, Kwai Shun Industrial Centre, Nos. 51-63 Container Port Road, Kwai Chung, New Territories.

Under the S&P Agreement, the Property is to be sold subject to existing tenancies. As valued by BMI Appraisals Limited, valuation of the property amounted to HK$19,750,000 as at 31 March 2006 (as disclosed in the Company's audited financial statements for the year ended 31 March 2006) and HK$31,000,000 as at 31 October 2006 as set out under the section headed "Property Valuation" in Appendix IV to this circular. Further information of the Property is discussed in the paragraph headed "Financial Effects of the Disposal" below as well as in Appendices I and III to this circular.

Consideration

The total Consideration for the Disposal is HK$33,330,000 paid or payable in cash by the Purchaser in the following manner:

(i) an initial deposit of HK$3,333,000 (the "Initial Deposit") was paid by the Purchaser to the Vendor's solicitors as stakeholder upon the signing of the S&P Agreement; and

(ii) the balance of the Consideration (i.e. HK$29,997,000) will be payable by the Purchaser to the Vendor on or before the Completion Date.

The Initial Deposit is held by the Vendor's solicitors as stakeholders and to be released to the Vendor upon the following:

(i) the approval of the sale and purchase by the Company and the Stock Exchange have been obtained; and

(ii) the written confirmation has been issued by Wing Hang Bank Limited showing that the balance of Consideration is sufficient to redeem the charge on the Property.

The total consideration was determined after arm's length negotiations between the parties to the S&P Agreement taking into account the prevailing market conditions in Hong Kong, as well as a valuation of the Property conducted by BMI Appraisals Limited (an independent firm of professional surveyors and valuers) as at 31 October 2006, being the most recent valuation conducted on the Property. The Directors consider that the terms of the Disposal are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

Other principal terms

(i) Either the Purchaser or the Vendor is entitled to annul the sale if the approval is not obtained from the Stock Exchange and from the Shareholders at the SGM before 28 February 2007 and the Purchaser shall not be entitled for any recovery other than the return of the Initial Deposit paid by the Purchaser within seven days upon the receipt by the Vendor of the demand for the return of the Initial Deposit.

(ii) Should the Vendor annul the sale due to its failure to obtain the approval from the Shareholders at the SGM or from the Stock Exchange, but intend to sell the Property within one year after such annulment, the Purchaser shall have the first right to purchase the Property on the same terms as the best offer price given by the prospective purchaser to the Vendor at that time.

C. COMPLETION OF THE S&P AGREEMENT

Subject to the obtaining of the approval from the Stock Exchange and from the Shareholders at the SGM, Completion will take place within 90 days after obtaining the relevant approvals, but in any event not earlier than 1 March 2007.

D. REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in property investment and development. The business objective of the Group is to take advantage of all profitable development opportunities as and when they arise so as to procure an exceptional return to its Shareholders.

The Property was acquired by the Group on 31 March 1993 with the intention to hold the Property for long-term investment and for property letting purpose. The Directors consider that the Hong Kong economy has bottomed out and the property market is revitalizing, the Group has actively looked for opportunity to realize its investment properties at a reasonable price. Having considered the existing market condition and the consideration of the Property offered by the Purchaser, the Directors consider that the Disposal is an exceptional good opportunity for the Group to realize its investment. The proceeds from the Disposal will enable the Group to reduce its borrowings and future interest expenses and improve the financial position and the working capital condition of the Group by providing additional funds for other investment opportunity for the Group.

After the Completion, the Group can concentrate its financial resources to expand and develop the property investment business and the Shenyang Projects in the PRC. Despite the Disposal, the Group will actively pursue other potential profitable alternative investment and development opportunities in order to further diversify the Group's current business and enhance the Group's financial position, asset base and capital base.

The Directors (including independent non-executive Directors) consider that the S&P Agreement is entered into after an arm's length negotiation between the Purchaser and the Vendor and the terms therein are in accordance with the normal practice in the property market and the Disposal is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

After the Disposal, the Group will focus on the Shenyang Projects acquired after the financial year ended 31 March 2006 (please refer to the circular of the Company dated 31 March 2006 for details) and will continuously look for other business opportunities.

E. PROCEEDS FROM THE DISPOSAL

After taking into account the Expenses of approximately HK$1,330,000, the Net Sale Proceeds will be approximately HK$32,000,000. The Company intends to use the Net Sale Proceeds from the Disposal for the repayment of the mortgage loan of approximately HK$13,735,000 as at 30 November 2006 and the remaining balance will be used as the general working capital of the Group and for future investment and expansion of the Group's business.

F. FINANCIAL EFFECTS OF THE DISPOSAL

(1) Financial effects of the disposal

The book value of the Property is HK$19,983,000 as at 31 March 2006 according to the latest annual report of the Company. The surplus of the consideration over the net book value is approximately HK$13,347,000 without taking into account the Expenses. The Disposal is expected to realize a gain of approximately HK$12,017,000. The gain on Disposal is calculated by netting off the Net Sales Proceeds of about HK$32,000,000 with the fair value of the investment property of HK$19,570,000 and carrying value of the Property of HK$413,000 as per the consolidated balance sheet of the Group as at 31 March 2006.

The unaudited consolidated net asset value of the Group as at 30 September 2006 was approximately HK$692.6 million, as per the interim report for the six months period ended 30 September 2006 of the Group. The Disposal will reduce the Group's non-current asset by approximately HK$20 million with reference to the book value of the Property as at 30 September 2006 while reduce the Group's liability by approximately HK$14,493,000. The cash flow position of the Group will also be improved as a result of the Disposal. The cash position of the Group after Completion will be increased by HK$17,564,000 compared to that as at 30 September 2006. Assuming the Disposal has been completed as at 1 April 2006, the unaudited pro forma consolidated net asset value of the Group would be approximately HK$704,647,000.

The Disposal will improve the current ratio (current assets over current liabilities) of the Group as the proceeds will be used to repay some of its outstanding borrowing and increase the cash balances of the Group. The current ratio of the Group as at 30 September 2006 was 1:6.62 and the current ratio will become approximately 1:9.04 upon Completion.

For the financial years ended 31 March 2004, 2005 and 2006, the total revenue attributable to the Property was approximately HK$4,720,000, HK$3,884,000 and HK$3,700,000 respectively; the net profit before taxation and extraordinary items attributable to the Property for the financial year ended 31 March 2004, 2005 and 2006 were approximately HK$1,387,000, HK$1,344,000 and HK$1,161,000 respectively; and the net profit after taxation and extraordinary items attributable to the Property for the financial year ended 31 March 2004, 2005 and 2006 were approximately HK$1,387,000, HK$1,344,000 and HK$1,161,000 respectively.

The finance cost paid by the Vendor on bank loan, which was secured by the Property, for the three financial years ended 31 March 2004, 2005 and 2006 were approximately HK$444,000, HK$391,000 and HK$718,000 respectively. Such bank loan carried interest at commercial lending rates of 1.75% below the banks prime lending rate per annum.

Despite the Property can generate approximately HK$3 million to HK$4 million rental income for the Group per year, the Directors consider that the Disposal will not have material adverse effect on the earnings of the Group, given the Acquisition completed on 6 June 2006. The Group's property letting and management business of the Commercial Building in the PRC has formed a steady income base for the Group. As per the interim report for the six months ended 30 September 2006, the property letting and management business in the PRC has contributed an income of approximately HK$4,527,000 to the Group.

The Directors therefore are of the view that the Group is of sufficient operations and assets and will not consist wholly or substantially of cash or short-dated securities even after the Completion, given its (i) property letting and management business in the PRC; (ii) investment in the Shenyang Projects and (iii) trading of construction materials in Shenyang. Further information of these business activities is discussed in the paragraph headed "Business Review and Prospects of the Group" below as well as in Appendix II to this circular.

The information regarding the effect of the Disposal on the earnings and assets and liabilities of the Group can be referred to the "Pro forma Financial Information of the Group" as set out in Appendix III to this circular.

(2) Pro forma financial information

Given that the Acquisition was only completed by 6 June 2006, after the closing of the latest audited financial period of the Group (i.e. 31 March 2006) as shown in the annual report of the Company published in July 2006, the annual report did not reflect the financial effect of the Acquisition. The Directors therefore consider that using the unaudited interim result for the six months period ended 30 September 2006 in the preparation of pro forma financial information of the Remaining Group will provide sufficient and representative financial information of the Remaining Group to the Shareholders.

The Directors consider that the business of the Group is not subject to any seasonal fluctuation that may affect the representation or accuracy of the use of the pro forma financial information as the property letting and management business of the Group is not subject to any seasonality factor and the weather factor in

Northern China only affects the external construction work during winter season. Further, the Directors have already taken into account such winter effect on the property development business of the Group and believe that such winter effect does not have any material effect on the representation or accuracy of the use of the pro forma financial information.

G. BUSINESS REVIEW AND PROSPECTS OF THE GROUP

Business review of the Group

Active steps have been taken by the Directors since 2005 to explore new investment opportunities in the PRC in order to expand the Group's scale, widen its asset base and increase its profitability through acquisition and mergers, with the aim to bring stable, long-term high returns to the Shareholders. The Acquisition marked the Group's actual entry into the real estate market in the PRC, and laid a solid foundation for the Group's future income and profitability.

During the period, the Group had issued approximately 1.7 billion new Shares and raised approximately HK$167 million in cash. The proceeds were used as general working capital of the Group and settlement of consideration for the Acquisition in June 2006.

Acquisition of Grand Hope

After the Acquisition, Grand Hope, an investment holding company, has become a wholly owned subsidiary of the Company which:

(i) holds 71% of Shenyang Dadongfang, a company which owns the land use right on the Land for property development in the PRC (the total cost of development is estimated to be RMB1.6 billion (approximately equivalent to HK$1.588 billion). The Directors confirmed that the land use rights had been obtained by Shenyang Dadongfang by 10 April 2005 and all the certificates relating to the said land use right had also been obtained by Shenyang Dadongfang;

(ii) indirectly, via Shenyang Dadongfang, holds a land use right on the Commercial Building which is leased to Shenyang Minghu for a period of 20 years underlying from 1 December 2004 for an annual rental and property management fee of approximately HK$9 million;

(iii) indirectly holds 56.8% of Shenyang Shengtaiyuan via Shenyang Dadongfang, a company engaged in the sale of household building materials; and

(iv) indirectly, via Shenyang Dadongfang, entered into a co-operation agreement with Beijing Guorui on 26 July 2006.

It is to be noted that Beijing Xinhongji owns 86% shareholdings in Beijing Bailida Logistics Company Limited. Accordingly, under the Listing Rules, Beijing Xinhongji is a substantial shareholder of Beijing Bailida Logistics Company Limited which owns 20% shareholdings in Shenyang Shengtaiyuan. Therefore, Beijing Xinhongji is also a substantial shareholder of Shenyang Shengtaiyuan, and thus is a connected person of the Company. Shenyang Minghu (which is principally engaged in retail of household building materials in the PRC) is owned as to 20% by Beijing Xinhongji and 80% by Harbin Shirun, which owns about 61.5% of Beijing Xinhongji. Accordingly, under the Listing Rules, Beijing Xinhongji is a substantial shareholder of Shenyang Minghu and Harbin Shirun is an associate of Beijing Xinhongji as it owns more than 30% of Beijing Xinhongji.

In addition, it is to be noted that Beijing Guorui (which is principally engaged in the business of property development) had acquired 29% shareholdings in Shenyang Dadongfang from Beijing Xinhongji in August 2006. After the acquisition, Beijing Guorui became a substantial shareholder of Shenyang Dadongfang, thus a connected person of the Company pursuant to the Listing Rules,.

Please refer to the announcements of the Company dated 1 June 2006 and 27 July 2006 and the circular of the Company dated 31 March 2006 for the details of the Acquisition.

After the completion of the Acquisition, the Group is principally engaged in the following business in addition to the property letting business in Hong Kong:

(i) Property letting and management business in the PRC

The property letting and management business in relation to the Commercial Building is carried out by Shenyang Dadongfang, which is the owner of the Commercial Building. The Commercial Building is leased to Shenyang Minghu for a period of 20 years from 1 December 2004. This property letting and management business contributes an annual turnover in the sum of RMB9,144,800, approximately equivalent to HK$9.05 million to the Group (for the first 5 years from 1 December 2004 to 30 November 2009, payable quarterly during the lease term). As shown in the interim report for the six months ended 30 September 2006 of the Group set out in Appendix II (page 21), the property letting and management business in the PRC has contributed a turnover of approximately HK$4,527,000 to the Group.

(ii) Property investment in Shenyang

The business of property investment in Shenyang is also carried out by Shenyang Dadongfang, which is the owner of the Land. The Group intends to develop the Shenyang Projects for sale and leasing purpose. Pursuant to the cooperation agreement with Beijing Guorui dated 26 July 2006, Shenyang Dadongfang will contribute no further capital towards the Shenyang Projects while Beijing Guorui will be responsible for all additional capital required, which will not be less than RMB1 billion (approximately equivalent to approximately HK$990 million), to develop the remaining parts and the overall management of the Shenyang Projects, except the finance and accounting function which will be managed jointly by Shenyang Dadongfang and Beijing Guorui. Beijing Guorui will also be responsible for the repayment of the principal and interest of RMB300 million (equivalent to approximately HK$297 million) of bank borrowing and RMB60 million (equivalent to approximately HK$59.4 million) of corporate borrowing. Shenyang Dadongfang and Beijing Guorui will entitle to 30% and 70% of the profits generated from the Shenyang Projects respectively, unless the parties agree otherwise.

The construction work of the first phase of the three phases of the Shenyang Projects has already commenced but is currently subject to Beijing Guorui's review of the development plan for the Shenyang Projects under the prevailing market condition in order to maximize the return from the Shenyang Projects. As advised by Beijing Guorui, it is expected that Beijing Guorui's review would be completed by the end of March 2007. The Directors expect that the Shenyang Projects will be completed by the end of 2009, but this is subject to the review decision of Beijing Guorui. Further, the construction work has been temporarily suspended since September 2006 because of the cold weather in the Northern China (a normal practice for such industry in Northern China). As such weather factor has already been taken into account, there are no material impact of such delay to the Shenyang Projects as well as on the business and operation of the Group. Further, despite such temporary suspension, some of the internal construction work such as interior design and the paving of the underground water mains are being carried out at this stage. The Directors are also not aware of any material adverse change to the Shenyang Projects.

Details of the Shenyang Projects have been set out in the circular and announcement of the Company dated 31 March 2006 and 1 June 2006 respectively.

(iii) Trading of construction materials in Shenyang

Shenyang Shengtaiyuan, a subsidiary of Shenyang Dadongfang, was set up in April 2005. Shenyang Shengtaiyuan forms part of the Group after completion of the Acquisition. Shenyang Shengtaiyuan is principally engaged in the wholesale trading of household building materials in Shenyang on indent basis: i.e. Shenyang Shengtaiyuan procures purchase orders upon receipt of orders from customers. Shenyang Shengtaiyuan began commercial operation in July 2005.

As stated in the circular of the Company dated 31 March 2006, the Directors are of the view that the wholesale business of Shenyang Shengtaiyuan is only supplemental and will not become the core business of the Group. Shenyang Shengtaiyuan has ceased to purchase and sell to connected persons of the Group and has kept soliciting new suppliers and customers, but no material contracts so far have been entered into as at the Latest Practicable Date. The Board will review the entire business of Shenyang Shengtaiyuan this year.

Impact of disposal on the Group

Based on the foregoing, notwithstanding the Disposal, the Group no longer solely relies on the property letting business in Hong Kong, but engages in various property investment and development business in the PRC, such as the Shenyang Projects, the Group has increased its operations and asset base accordingly. The turnover of the Group for the six months ended 30 September 2006 is HK$9.3 million (unaudited) as set out in the Appendix III of this circular. The said turnover is derived from the property letting business in relation to the Property in Hong Kong, the property letting and management business in relation to the Commercial Building and the sales of household building materials in the PRC. Despite the Completion, the Directors are of the view that the turnover of the Group will not be substantially affected, given the stable letting and management business in the PRC. The Directors anticipate that the turnover of the Group will be further expanded following the completion of the various phases of the Shenyang Projects. Based on the latest unaudited interim report of the Group for the six months period ended 30 September 2006, the Directors are of the view that there will not be any material adverse change to the financial position of the Group after the Disposal.

Business prospects of the Group

The Group has extended its investment and business operation to the PRC through the Acquisition. In addition, it is expected that following the completion of the various phases of the Shenyang Projects and the property market boom in the PRC, the Group could achieve satisfactory results by substantially increasing the operating income, profitability and assets of the Group. While the Directors are constantly looking for new investment opportunities for the Group, no concrete new investment projects have been identified.

H. THE SGM

Set out on pages 79 to 80 of this circular is a notice convening the SGM to be held at The Cypress, Level 3, Renaissance Kowloon Hotel Hong Kong, 22 Salisbury Road, Tsimshatsui, Kowloon, Hong Kong on Wednesday, 24 January 2007 at 3:00 p.m. at which an ordinary resolution will be proposed and, if thought fit, passed to approve the S&P Agreement and transactions contemplated thereunder.

The Disposal constitutes a very substantial disposal for the Company under Chapter 14 of the Listing Rules. Pursuant to Rule 14.49 of the Listing Rules, the Disposal is subject to the approval by the Shareholders at the SGM. As at the Latest Practicable Date as far as the Directors are aware, none of the Shareholders or their respective associates have any interests in the Disposal which is different from those of other Shareholders, other than through their interest in the Company and no Shareholder is required to abstain from voting in respect of the proposed resolutions to approve the Disposal at the SGM.

I. PROCEDURE FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Bye-Law 66 of the Bye-Laws, a resolution put to the vote of a meeting shall be decided on a show of hands unless voting by way of a poll is required by the Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

(i) by the chairman of such meeting; or

(ii) by at least three Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy for the time being entitled to vote at the meeting; or

(iii) by a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy and representing not less than one-tenth of the total voting rights of all the Shareholders having the right to vote at the meeting; or

(iv) by a Shareholder or Shareholders present in person (or, in the case of a Shareholder being a corporation, by its duly authorized representative) or by proxy and holding Shares conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all Shares conferring that right; or

(v) if required by the Listing Rules, by any Director or Directors who, individually or collectively, hold proxies in respect of Shares representing five per cent. (5%) or more of the total voting rights at such meeting.

J. RECOMMENDATION

The Board considers that the Disposal is in the interests of the Company and that the terms of the Disposal are fair and reasonable and in the interests of the Shareholders as a whole. Accordingly, the Board recommends that the Shareholders should vote in favour of the ordinary resolution which will be proposed at the SGM to approve the S&P Agreement and the transactions contemplated thereby and in connection therewith.

K. ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board of Directors
ORIENT RESOURCES GROUP COMPANY LIMITED
Zhang Hongwei
Chairman

1. FINANCIAL INFORMATION OF THE PROPERTIES

(I) Unaudited profit and loss statements of the properties

	Six months period ended 30 September		Year ended 31 March		
	2006	2005	2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Rental income	1,827	1,875	3,700	3,884	3,599
Bank loan interests	(486)	(248)	(718)	(391)	(444)
Other expenses	(1,020)	(1,000)	(1,821)	(2,149)	(1,768)
	321	627	1,161	1,344	1,387

The above unaudited profit and loss statements of the Properties for the three years ended 31 March 2004, 2005 and 2006 and the six months periods ended 30 September 2006 and 2005 on the identifiable net income stream have been prepared by the Company in compliance with the Rule 14.68(2)(b)(i) of the Listing Rules, by reference to Group's underlying books and records and on the basis of preparation as stated below:

(i) The rental income represents income from leasing out of the Properties.

(ii) The bank loan interests represent interests on bank loans for which the Properties are pledged.

(iii) Other expenses represent building management fees, electricity expenses, government rates, repairs and maintenance, agency fees and sundry expenses of the Properties.

(II) Valuations of the properties

	As at 31 October 2006	As at 31 March 2006	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Valuations	31,000	20,000	18,500	37,000

The valuations of the Properties as at 31 March 2004 are based on the valuation report issued by Messrs. Chung, Chan & Associates. The valuations of the Properties as at 31 March 2005 and 2006 and 31 October 2006 are based on the valuation reports issued by BMI Appraisals Limited. Both of them are independent professional property valuers.

The above unaudited profit and loss statements and the valuations of the Properties have been reviewed by RSM Nelson Wheelers in compliance with the Rule 14.68(2)(b)(i) of the Listing Rules.

REPORT OF FACTUAL FINDINGS TO THE BOARD OF DIRECTORS OF ORIENT RESOURCES GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

RSM Nelson Wheeler
羅 申 美 會 計 師 行
Certified Public Accountants

7th Floor
Allied Kajima Building
138 Gloucester Road
Hong Kong

In accordance with our engagement letter dated 13 October 2006, we have performed the procedures agreed with you which are set out below with respect to the financial information of the Properties (the "Financial Information") as set out in Appendix I of the circular of Orient Resources Group Company Limited (the "Company") dated 6 January 2007 (the "Circular") in relation to the proposed disposal of the Properties, for which you are solely responsible.

Our engagement was conducted in accordance with Hong Kong Standard on Related Services 4400 "Engagements to Perform Agreed-upon Procedures Regarding Financial Information" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The procedures were performed solely to assist you in confirming the Financial Information included in the Circular.

For the purpose of this report, we performed the following procedures in respect of the Financial Information required our assistance to verify by the Company:

a) obtain the breakdown of the Financial Information from the Company;
b) compare the amounts in the Financial Information with source documents;
c) consider the evidence supporting the amounts in the Financial Information; and
d) discuss the Financial Information with the directors of the Company

Based on the information and documents made available to us, we report that the Financial Information has been properly compiled and derived from the Company's and its subsidiaries' underlying books and records and on the basis of preparation as stated in Appendix I of the Circular.

Because the above procedures did not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA (collectively referred to as Hong Kong Assurance Standards), we do not express any assurance on the Financial Information.

Had we performed additional procedures or had we performed an assurance engagement in respect of the Financial Information in accordance with Hong Kong Assurance Standards, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the second paragraph of this report and is for your information only, and is not to be used for any other purpose or to be distributed to any other parties and we expressly disclaim any liability or duty to any other party in this respect. This report relates only to the items specified above and does not extend to the Circular taken as a whole.

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

6 January 2007

1. UNAUDITED INTERIM FINANCIAL STATEMENTS OF THE GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2005 AND 2006

(Terms defined herein apply to this appendix only.)

The following financial information is a reproduction of the relevant information extracted from the interim report of the Group for the six months 30 September 2006 together with the unaudited comparative figures for the corresponding period in 2005.

Unaudited Condensed Consolidated Income Statement

For six months ended 30 September 2006

		For the six months ended 30 September	
		2006	**2005**
	Note	*HK$'000*	*HK$'000* (restated)
Turnover	*4*	9,376	47,228
Direct costs		(4,239)	(42,811)
Gross profit		5,137	4,417
Other operating income		3,460	379
Administrative expense		(9,959)	(6,639)
Fair value changes in investment properties		—	17,754
(Loss) /profit from operations		(1,362)	15,911
Finance costs	*5*	(486)	(266)
(Loss)/profit before taxation	*5*	(1,848)	15,645
Income tax expense	*6*	(155)	(5,278)
Net (loss)/profit for the period		(2,003)	10,367
ATTRIBUTABLE TO:			
Equity holders of the Company		(2,274)	7,191
Minority interests		271	3,176
		(2,003)	10,367
(LOSS)/EARNINGS PER SHARE			
Basic	*7*	(0.04) cents	0.12 cents
Diluted	*7*	N/A	N/A

Unaudited Condensed Consolidated Balance Sheet
As at 30 September 2006

	Note	As at 30 September 2006 HK$'000	As at 31 March 2006 HK$'000 (restated)
Non-current assets			
Plant and equipment	15	126	207
Prepaid lease payments	15	406,105	380,194
Properties under development	15	79,213	75,832
Deposits paid for prepaid lease payment	15	13,133	12,840
Investment properties	15	170,935	168,730
		669,512	637,803
Current assets			
Trade and other receivables	9	9,289	870
Amount due from related company		51	—
Bank balances and cash		398,127	242,212
		407,467	243,082
Current liabilities			
Trade and other payables	10	32,637	10,839
Tax payables		234	798
Amount due to directors		2,114	12,454
Amount due to a related company		12,539	13,838
Bank borrowings — due within one year		13,980	14,704
		61,504	52,633
Net current assets		345,963	190,449
Total assets less current liabilities		1,015,475	828,252
Non-current liabilities			
Bank borrowings — due after one year		297,030	290,416
Deferred tax liabilities		25,815	25,240
		322,845	315,656
Net assets		692,630	512,596
Capital and reserves			
Share capital	11	68,760	51,760
Reserves		424,546	266,215
Equity attributable to equity holders of the Company		493,306	317,975
Minority interests		199,324	194,621
		692,630	512,596

Unaudited Condensed Consolidated Statement of Change in Equity

For the six months ended 30 September 2006

	Share Capital HK$'000	Share Premium HK$'000	Merger Reserve HK$'000 (Note a)	Capital Reserve HK$'000 (Note b)	Property Revaluation Reserve HK$'000 (Note c)	Exchange Reserve HK$'000	Other non-distributable reserve HK$'000 (Note d)	Accumulated profits/ (losses) HK$'000	Minority Interests HK$'000	Total HK$'000
At 1 April 2005, as previously eported	95,985	90,660	—	—	2,672	—	—	(200,304)	—	(10,987)
Effect on merger of equity interests in subsidiaries acquired during the period ended 30 September 2006 *(note 11(iii))*	50,800	2,235,200	(2,285,999)	155,580	—	—	8	31,006	76,626	263,221
Balance at 1 April 2005, as restated	146,785	2,325,860	(2,285,999)	155,580	2,672	—	8	(169,298)	76,626	252,234
Consolidation of shares and reduction in capital *(note 11(i))*	(95,025)	95,025	—	—	—	—	—	—	—	—
Exchange difference, recognized directly in equity	—	—	—	—	—	3,284	—	655	1,618	5,557
Profits for the period	—	—	—	—	—	—	—	7,191	3,176	10,367
Transfer	—	—	—	—	—	—	143	(143)	—	—
Contribution by minority shareholder	—	—	—	130,674	—	—	—	—	111,170	241,844
Balance at 30 September 2005	51,760	2,420,885	(2,285,999)	286,254	2,672	3,284	151	(161,595)	192,590	510,002
At 1 April 2006, as previously reported	960	185,685	—	—	2,672	—	—	(205,556)	—	(16,239)
Effect on merger of equity interests in subsidiaries *(note 11(iii))*	50,800	2,235,200	(2,285,999)	286,254	—	19,763	391	27,805	194,621	528,835
Balance at 1 April 2006, as restated	51,760	2,420,885	(2,285,999)	286,254	2,672	19,763	391	(177,751)	194,621	512,596
Exchange difference, recognised directly in equity	—	—	—	—	—	7,605	—	—	4,432	12,037
Issue of shares on placement	17,000	153,000	—	—	—	—	—	—	—	170,000
Loss for the period	—	—	—	—	—	—	—	(2,274)	271	(2,003)
Balance at 30 September 2006	68,760	2,573,885	(2,285,999)	286,254	2,672	27,368	391	(180,025)	199,324	692,630

Notes:

(a) Merger reverse represents the net effect arising from the application of merger accounting for business combination resulting from transaction among entities under common control as stated in note 2.

(b) Capital reserve represents additional cash contribution made by the minority shareholder of a subsidiary of Grand Hope.

(c) Property revaluation reserve arose in the period before the relevant properties were classified as investment properties. On the subsequent sale or retirement of these properties, such revaluation surplus will be transferred directly to deficit.

(d) Non-distributable reserve represents statutory reserve required to be appropriated from the profit after taxation of Grand Hope's subsidiary registered in the PRC under the PRC laws and regulations. The amount of the appropriation was at the discretion of the PRC subsidiary's board of directors.

Unaudited Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2006

	For the six months ended 30 September	
	2006	**2005**
	HK$'000	*HK$'000*
		(restated)
Net cash inflow/(outflow) from operating activities	10,874	(250,738)
Net cash outflow from investing activities	(525,452)	(25,973)
Net cash inflow from financing activities	665,087	297,459
Net increase in cash and cash equivalent	150,509	20,748
Cash and cash equivalent at 1 April	247,618	3,455
Cash and cash equivalent at 30 September	398,127	24,203

Notes to the Financial Statements

For the six months ended 30 September 2006

1. General information

The Company is an exempted company incorporated in the Cayman Islands and continued in Bermuda with limited liability. The address of the registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

Pursuant to the Acquisition Agreement dated 22 September 2005, the Company issued 5,080,000,000 shares at HK$0.10 per share as consideration to acquire Grand Hope Group Limited ("Grand Hope") and its subsidiaries ("Grand Hope Group") (the "Acquisition"). The Acquisition was a very substantial acquisition pursuant to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("The Listing Rules"), detail of which were set out in the circular dated 31 March 2006 issued by the Company. The Acquisition was completed on 6 June 2006.

Grand Hope is a company incorporated in British Virgin Islands with limited liability on 20 February 2004. Grand Hope Group is principally engaged in the property development and investment business.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

The condensed consolidated interim financial information is presented in Hong Kong dollars.

The condensed consolidated interim financial information has been approved by the board of directors on 22 December 2006.

2. Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2006 have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Since the Company and Grand Hope Group were both controlled by He Fu International Limited ("He Fu") before and after the completion of Acquisition as mentioned in Note 1, the Acquisition was accounted for as a combination of entities under common control. The Company adopted the Accounting Guideline 5 " Merger Accounting for Common Control Combinations" issued by the HKICPA to prepare the condensed consolidated interim financial information (including the comparative figures), assuming that the current group structure had been in existence since He Fu controlled the Company and Grand Hope Group. Accordingly, the Group's condensed consolidated interim balance sheet, condensed consolidated interim income statement, condensed consolidated interim statement of change in equity and condensed consolidated interim cash flow statement for the six months ended 30 September 2006 combine the financial information of the Company and entities comprising Grand Hope Group.

3. Principal accounting policies

The condensed financial statements have been prepared under the historical cost basis, except for certain investment properties, which are measured at fair values, as appropriate.

The accounting policies used in the condensed financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2006 except for the following new standards, amendments to standards and interpretations which are effective for accounting period beginning on or after 1 January 2006.

In the current interim period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("new HKFRSs") issued by HKICPA, with effective for accounting periods beginning on January 2006, which are relevant to its operation, include:

HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures
HKAS 21 (Amendment)	Net Investments in a Foreign Operation
HKAS 39 (Amendment)	Cash Flow Hedge Accounting of Forecast Intragroup Transactions
HKAS 39 (Amendment)	The Fair Value Option
HKAS 39 and HKFRS 4 (Amendment)	Financial Guarantee Contracts
HKAS 6	Exploration for and Evaluation of Mineral Resources
HKAS-Int 4	Determining whether an Arrangement Contains a Lease
HKAS-Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
HK(IFRIC)-Int 6	Liabilities arising from participating in a Special Market — Waste Effective and Electronic Equipment (this interpretation is effective for accounting periods beginning on or after 1 December 2005)

The adoption of the above new HKFRSs has no significant impact on these condensed consolidated interim financial statements.

The Group has not early applied the following new HKFRSs that have been issued but not yet effective. The directors of the Company anticipate that the application of these HKFRSs will have no material impact on the financial position and the results of the Group.

HKAS 1 (Amendment)	Capital disclosures[1]
HKFRS 7	Financial instruments: disclosures[1]
HK(IFRIC) — Int 8	Scope of HKFRS 2[2]
HK(IFRIC) — Int 9	Reassessment of embedded derivatives[3]

[1] Effective for annual periods beginning on or after 1 January 2007
[2] Effective for annual periods beginning on or after 1 May 2006
[3] Effective for annual periods beginning on or after 1 June 2006

4. Segments Information

Business segment

The Group is currently operating into two business segments, property investment and wholesale of household building materials.

Turnover of the Group represents net amounts received and receivable for goods sold by the Group to outside customers, less returns and allowances and property rental income during the period. Segment information about the business is presented below:

Six months ended 30 September 2006

	Property investment	Wholesale of household building materials	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Turnover	6,354	3,022	9,376
Segment results	(313)	1,389	1,076
Unallocated corporate income			1,795
Unallocated corporate expenses			(4,233)
Loss from operations			(1,362)

Six months ended 30 September 2005

	Property investment	Wholesale of household building materials	Consolidated
	HK$'000	*HK$'000*	*HK$'000*
Turnover	6,262	40,966	47,228
Segment results	18,964	232	19,196
Unallocated corporate income			—
Unallocated corporate expenses			(3,285)
Profit from operations			15,911

Geographical segment

The following table provides an analysis of the Group's turnover by geographical market irrespective of the origin of the services:

	For the six months ended 30 September	
	2006	**2005**
	HK$'000	*HK$'000*
PRC, excluding Hong Kong	7,549	45,353
Hong Kong	1,827	1,875
	9,376	47,228

5. (Loss)/profit before taxation

	For the six months ended 30 September	
	2006	**2005**
	HK$'000	*HK$'000*
(Loss)/profit before taxation has been arrived at after charging/ (crediting) the followings:		
Other revenue:		
Interest income	(2,967)	(271)
Other income	(493)	(108)
	(3,460)	(379)
Interest on		
— bank borrowings wholly repayable within one year	486	266
Staff costs, including directors' remuneration and retirement benefit scheme contributions	1,496	2,184
Depreciation of plant and equipment	436	81
Auditors' remuneration	—	259
Amortisation of prepaid lease payments	5,036	4,881
Less: capitalised in properties under development	(5,036)	(4,881)
	—	—
Interest expenses	24,251	7,899
Less: capitalised in properties under development	(24,251)	(7,899)
	—	—

6. Income tax expense

	For the six months ended 30 September	
	2006	**2005**
	HK$'000	*HK$'000*
PRC Income Tax	155	402
Deferred tax	—	4,876
	155	5,278

The charge for the period represents PRC Income Tax calculated at the rates of 33% prevailing in the PRC.

Pursuant to the relevant laws and regulations in the PRC, the Group's PRC subsidiaries are exempted from PRC local tax of 3% for the relevant periods.

7. (Loss)/Earnings per shares

(a) Basic

Basic earnings per share is calculated based on earnings attributable to equity holders of the Company during the period divided by the weighted average number of ordinary shares in issue. In accordance with the Accounting Guideline 5 issued by the HKICPA, ordinary shares also include consideration shares issued for the acquisition of Grand Hope.

	For the six months ended 30 September	
	2006	**2005**
(Loss)/Profit attributable to equity holders of the Company *(HK$'000)*	(2,274)	7,191
Weighted average number of ordinary shares in issue *('000)*	1,182,169	704,942
Shares issued for the acquisition of Grand Hope Group *('000)*	5,080,000	5,080,000
Total *('000)*	6,262,169	5,784,942
Basic (loss)/earnings per share *(HK cents per share)*	(0.04)	0.12

(b) No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary sharing during the two periods ended 30 September.

8. Dividends

The Directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 September 2006 (Six months ended 30 September 2005: Nil).

9. Trade and other receivables

The trade and other receivables included trade receivable of approximately HK$2,322,000 as at 30 September 2006 (31 March 2006: HK$40,000). The ageing analysis of trade receivables was as follows:

	30 September 2006 *HK$'000*	**31 March 2006** *HK$'000*
0 to 30 days	799	40
31 to 60 days	768	—
61 to 90 days	755	—
91 days or above	—	—
	2,322	40

The credit period generally granted to customers range from 0 to 90 days. The carrying amounts of trade and other receivables approximate their fair values.

10. Trade and other payables

The trade and other payables included trade payables of approximately HK$7,060,000 as at 30 September 2006 (31 March 2006: HK$6,970,000). The ageing analysis of trade payables was as follows:

	30 September 2006 *HK$'000*	**31 March 2006** *HK$'000*
0-1 month	—	158
1-2 months	—	—
2-3 months	—	—
over 3 months	7,060	6,812
	7,060	6,970

11. Share capital

	Note	Number Shares	Amount HK$'000
Authorised:			
As at 1 April 2005		1,600,000,000	160,000
Consolidation of shares and reduction in capital	*(i)*	(1,440,000,000)	(95,025)
Division of shares	*(i)*	6,337,447,875	—
As at 30 September 2005 and at 1 April 2006		6,497,447,875	64,975
Increase in authorised share capital	*(ii)*	13,502,552,125	135,025
As at 30 September 2006		20,000,000,000	200,000
Issued and fully paid:			
1 April 2005, as previously reported		959,853,750	95,985
New shares issued in connection with the very substantial substantial acquisition during the period ended 30 September 2006	*(iii)*	5,080,000,000	50,800
Balance at 1 April 2005, as restated		6,039,853,750	146,785
Consolidation of shares and reduction in capital	*(i)*	(863,868,375)	(95,025)
Balance at 30 September 2005		5,175,985,375	51,760
At 1 April 2006, as previously reported		95,985,375	960
New ordinary shares issued in connection with the very substantial acquisition	*(iii)*	5,080,000,000	50,800
Balance at 1 April 2006, as restated		5,175,985,375	51,760
Issue of shares on placement	*(iv)*	1,699,998,000	17,000
Balance at 30 September 2006		6,875,983,375	68,760

(i) On 8 August 2005, the Company reorganise its capital structure as follows:

(a) consolidate 10 shares of the Company's ordinary shares of HK$0.10 each into 1 consolidated share of HK$1.00.

(b) reduce the nominal value of each issued consolidated share from HK$1.00 share to HK$0.01.

(c) sub-divide each authorised but unissued consolidated share into 100 new shares.

(ii) On 26 April 2006, a resolution for the increase of authorised share capital of HK$135,025,521.25 was duly passed during the special general meeting of shareholders of the Company. The total authorised share capital was increased to HK$200,000,000.

(iii) On 6 June 2006, pursuant to the Acquisition Agreement dated 22 September 2005, the Company issued and allotted 5,080,000,000 new shares at HK$0.10 per share as consideration to acquire Grand Hope Group. In accordance with the Accounting Guideline 5 issued by the HKICPA, the share capital and premium issued for the purpose of acquiring entities under common control are recognised from the date upon which He Fu controlled the Company and Grand Hope Group. The merger reserve is also calculated in accordance with the merger accounting as depicted in that guideline.

(iv) On 6 June 2006, the Company issued and allotted 1,699,998,000 shares at the price of HK$0.10 per share.

12. Pledge of assets

At the balance sheet dates, the carrying amount of the assets pledged by the Group to financial institutions to secure

	30 September 2006	**31 March 2006**
	HK$'000	*HK$'000*
Investment properties	170,935	168,730
Prepaid lease payments	406,105	380,194
Other assets	58	40
	577,098	548,964

As at 30 September 2006 and 31 March 2006, the Group has executed a deed of assignment over the rental proceeds from tenants arising from the lease of investment properties held by the Group to secure credit facilities granted to the Group.

13. Capital commitments

	30 September 2006 HK$'000	31 March 2006 HK$'000
Capital expenditure in respect of properties under development contracted for but not provided in the financial information	189,188	184,975

14. Related parties transactions

During the period, the Group entered into the following transactions with related parties:

Set out below are the rated party transactions disclosed in accordance with HKAS24 which also constituted connected transactions under the Listing Rules.

		For the six months ended 30 September	
		2006	2005
	Note	*HK$'000*	*HK$'000*
Related companies			
Interest expenses	*a,b*	—	7,899
Rental income	*c*	2,881	2,792
Property management fee income	*c*	1,646	1,595
Sales	*a,d*	—	40,966
Purchases	*e*	—	33,844
Other prepayment	*f*	—	200,433

a. Director of the Company, Mr Zhang Hongwei, has beneficial interests in these related companies.

b. Interest expense are paid to東方家園瀋陽建築裝飾有限公司(Orient Home Shenyang Construction Decoration Limited).

c. Rental income and property management fee income are received from 東方家園瀋陽明湖建材家居有限公司(Orient Home Shenyang Minghu Household Building Materials Company Limited).

d. Sales of household building materials of approximately HK$6,782,000 and HK$34,184,000 are made to 東方家園有限公司(Orient Home Company Limited) and 瀋陽恒通實業有限公司(Shenyang Heng Tung Industrial Limited) ("Shenyang Heng Tung") respectively.

e. Purchases of household building materials are made from Shenyang Heng Tung.

f. The amount represented prepayment for purchasing household building materials from Shenyang Heng Tung. 北京新宏基盛城投資有限公司(Beijing Xinhongji Shencheng Investment Co., Ltd), a minority shareholder of Grand Hope Group, has beneficial interest in Shenyang Heng Tung. The amounts were unsecured, interest-free and repayable on demand. As advised by the directors of Grand Hope, approximately HK$24 million of the other prepayment was utilized to purchase household building materials subsequently and the unutilized other prepayment has been refunded by Shenyang Heng Tung to Grand Hope Group subsequent to 30 September 2005.

15. Capital Expenditure

	Plant and equipment *HK$'000*	Prepaid lease payments *HK$'000*	Properties under development *HK$'000*	Deposit paid for prepaid lease payments *HK$'000*	Investment properties *HK$'000*
For the six months ended 30 September 2005					
At 1 April 2005	344	360,406	31,075	12,466	130,000
Additions	10	79	34,054	—	—
Depreciations and amortisation	(81)	(4,881)	—	—	—
Increase in fair value recognised in the income statement	—	—	—	—	16,254
Capitalisation of amortisation	—	—	4,881	—	—
Exchange adjustments	7	7,609	656	264	2,746
At 30 September 2005	280	363,213	70,666	12,730	149,000
For the six months ended 30 September 2006					
At 1 April 2006	207	380,194	75,832	12,840	168,730
Additions	351	17,252	1,653	—	—
Depreciation and amortisation	(437)	(5,036)	—	—	(1,182)
Increase in fair value recognised in the income statement	—	—	—	—	—
Capitalisation of amortisation	—	—	5,036	—	—
Exchange adjustments	5	13,695	(3,308)	293	3,387
At 30 September 2006	126	406,105	79,213	13,133	170,935

2. AUDITED FINANCIAL STATEMENTS OF THE GROUP FOR THE THREE YEARS ENDED 31 MARCH 2004, 2005 AND 2006

(Terms defined herein apply to this appendix only.)

The following financial information is a reproduction of the relevant information extracted from the audited financial statements of the Group for the three years ended 31 March 2004, 2005 and 2006 as published in the respective 2004, 2005 and 2006 annual reports of the Company. There were no qualified or modified opinions in the auditors report for the three years ended 31 March 2004, 2005 and 2006.

Consolidated Income Statements

		Years ended 31 March		
		2006	**2005**	**2004**
	Note	*HK$'000*	*HK$'000* (restated)	*HK$'000*
Revenue		3,700	3,884	4,720
Cost of goods sold		—	—	(2,682)
Director costs on property rental		(1,821)	(2,149)	(1,768)
Gross Profit		1,879	1,735	270
Other operating income		15	—	52
Distribution costs		—	—	(597)
Administrative expenses		(7,868)	(13,191)	(14,396)
Deficit (surplus) arising on revaluation of investment properties	*13*	—	(18,420)	420
Increase in fair value of investment property	*13*	1,440		
Allowance for bad and doubtful debts		—	—	(3,555)
Amortisation of goodwill		—	—	(108)
Impairment loss recognised on property, plant and equipment		—	—	(8,148)
Impairment loss recognised on goodwill		—	—	(3,144)
Interest on bank borrowings not wholly repayable within five years		(718)	(391)	(444)
Loss on disposal of discontinued operations		—	—	(63)
Loss before minority interest		(5,252)	(30,338)	(29,713)
Minority interests		—	—	8,605
Net loss for the year	*9*	(5,252)	(30,267)	(21,108)
Basic loss per share	*12*	(5.47) cents	(31.53) cents	(2.20) cents

Consolidated Balance Sheet

	Note	2006 HK$'000	2005 HK$'000 (restated)	2004 HK$'000
Non-current asset				
Investment properties	13	19,570	18,190	37,000
Property	14	413	363	—
		19,983	18,553	37,000
Current assets				
Trade and other receivables	15	623	607	92
Bank balances and cash	16	4,794	64	1,979
		5,417	671	2,071
Current liabilities				
Trade and other payables	17	3,453	6,827	5,823
Amounts due to directors	18	12,454	11,570	1,346
Amount due to a related company	19	11,028	447	—
Bank borrowings				
– due within one year	20	1,473	1,101	1,260
		28,408	19,945	8,429
Net current liabilities		(22,991)	(19,274)	(6,358)
Total assets less current liabilities		(3,008)	(721)	30,642
Non-current liability				
Bank borrowings				
– due after one year	20	13,231	10,266	11,344
Net liabilities		(16,239)	(10,987)	19,298
Capital and reserves				
Share capital	21	960	95,985	95,985
Reserves		(17,199)	(106,972)	(76,687)
(Deficiency) in shareholders' funds		(16,239)	(10,987)	19,298

Notes to the financial statements

For the year ended 31 March 2006

1. General

The Company is an exempted company incorporated in the Cayman Islands and redomiciled in Bermuda with limited liability. Its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is He Fu International Limited ("He Fu"), a company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are disclosed on page 2 of the annual report.

Pursuant to a special resolution passed by the shareholders in an extraordinary general meeting held on 4 July 2005 and approved by the Registrars of Companies in the Cayman Islands and Bermuda on 22 July 2005, the Company de-registered from the Cayman Islands under Section 226 of the Companies Law and re-domiciled in Bermuda under Section 132C of the Companies Act 1981 of Bermuda as an exempted company.

The principal activity of the Group is property investment.

The financial statements are presented in Hong Kong dollars which is the same as the functional currency of the Company.

2. Basis of preparation of financial statements

In order to improve the financial position of the Group, subsequent to the balance sheet date, the Group obtained additional funding in the aggregate amount of HK$167 million from placing of new shares. The directors are satisfied that the Group will have sufficient financial resources to meet in its financial obligations as they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

3. Application of new hong kong financial reporting standards

In the current year, the Group has applied, for the first time, a number of new Hong Kong Financial Reporting Standards ("HKFRSs"), Hong Kong Accounting Standards ("HKASs") and Interpretations (hereinafter collectively referred to as "new HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") that are effective for accounting periods beginning on or after 1 January 2005. The application of the new HKFRSs has resulted in a change in the presentation of the consolidated income statement, consolidated balance sheet and consolidated statement of changes in equity. The changes in presentation have been applied retrospectively.

The adoption of these new HKFRSs has resulted in changes to the Group's accounting policies in the following areas that have an effect on how the results for the current and prior accounting years are prepared and presented:

Investment properties

In the current year, the Group has, for the first time, applied HKAS 40 "Investment Property". The Group has elected to use the fair value model to account for its investment properties which requires gains or losses arising from changes in the fair value of investment properties to be recognised directly in income statement for the period in which they arise. In previous years, the predecessor accounting standards were measured at open market values, with revaluation surplus or deficit credited or charged to investment property revaluation reserve unless the balance on this reserve was insufficient to cover a revaluation decrease, in which case the excess of the revaluation decrease over the balance on the investment property revaluation reserve was charged to the income statement. When a decrease had previously been charged to the income statement and a revaluation surplus subsequently arose, that increase was credited to the income statement to the extent of the decrease previously charged. The Group has applied the relevant transitional provisions in HKAS 40 and elected to apply HKAS 40 from 1 April 2005 onwards. However, there has been no material effect on how the results are prepared and presented.

In addition, HKAS 40 has removed the 15% benchmark for determining the significance of the portion of property held for own use or leased to group companies, which was previously allowed under SSAP 13. Under HKAS 40, if a property used for administrative purpose could be sold separately, the Group is required to account for that property separately. Accordingly, certain property held for own use, previously included in investment properties, has been reclassified as property, plant and equipment under HKAS 16 "Property, Plant and Equipment". These changes in accounting policy have been applied retrospectively.

Upon the application of HKAS 16, an amount of HK$390,000 has been reclassified from investment properties to property as at 1 April 2004. The Group's accumulated losses as at 1 April 2004 has been increased by HK$18,000. Loss for the year has been increased by HK$70,000 (2005: decrease of HK$71,000) due to depreciation charge of the property and fair value change or revaluation of investment properties. Administrative expenses have been increased by HK$10,000, and fair value change of investment properties has been decreased by HK$60,000 for the year ended 31 March 2006. Administrative expenses have been increased by HK$9,000, and deficit arising on revaluation of investment properties has been decreased by HK$80,000 for the year ended 31 March 2005.

Deferred taxes related to investment properties

In previous years, deferred tax consequences in respect of revalued investment properties were assessed on the basis of the tax consequence that would follow from recovery of the carrying amount of the properties through sale in accordance with the predecessor Interpretation. In the current year, the Group has applied Hong Kong (SIC) Interpretation 21 "Income Taxes —Recovery of Revalued Non-Depreciable Assets" which remove the presumption that the carrying amount of investment properties is to be recovered through sale. Therefore, the deferred tax consequences of the investment properties are now assessed on the basis that reflect the tax consequences that would follow from the manner in which the Group expects to recover the properties at each balance sheet date. This change in accounting policy has been applied retrospectively. However, there has been no material effect on how the results are prepared and presented.

The Group has not early applied the following new HKFRSs that have been issued but are not yet effective. The Group is in the process of assessing the potential impact of these new HKFRSs but is not yet in a position to determine whether these new HKFRSs will have a significant impact on how its results of operations and financial position are prepared and presented. These new HKFRSs may result in changes in the future as to how the results and financial position are prepared and presented.

HKAS 1 (Amendment)	Capital disclosures[1]
HKAS 19 (Amendment)	Actuarial gains and losses, group plans and disclosures[2]
HKAS 21 (Amendment)	Net investment in a foreign operation[2]
HKAS 39 (Amendment)	Cash flow hedge accounting of forecast intragroup transactions[2]
HKAS 39 (Amendment)	The fair value option[2]
HKAS 39 & HKFRS 4 (Amendments)	Financial guarantee contracts[2]
HKFRS 6	Exploration for and evaluation of mineral resources[2]
HKFRS 7	Financial instruments: Disclosures[1]
HK(IFRIC) — INT 4	Determining whether an arrangement contains a lease[2]
HK(IFRIC) — INT 5	Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds[2]
HK(IFRIC) — INT 6	Liabilities arising from participating in a specific market-waste electrical and electronic equipment[3]
HK(IFRIC) — INT 7	Applying the restatement approach under HKAS 29 — Financial Reporting in Hyperinflationary Economies[4]
HK(IFRIC) — INT 8	Scope of HKFRS 2[5]
HK(IFRIC) — INT 9	Reassessment of embedded derivatives[6]

1 Effective for annual periods beginning on or after 1 January 2007.
2 Effective for annual periods beginning on or after 1 January 2006.
3 Effective for annual periods beginning on or after 1 December 2005.
4 Effective for annual periods beginning on or after 1 March 2006.
5 Effective for annual periods beginning on or after 1 May 2006.
6 Effective for annual periods beginning on or after 1 June 2006.

4. Significant accounting policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties, which are measured at fair values, as explained in the accounting policies set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Revenue recognition

Rental income, including rentals invoiced in advance from properties under operating leases, is recognised on a straight-line basis over the respective lease terms.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Property

Property is stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Depreciation is provided to write off the cost of property over the shorter of the unexpired period of the lease or 40 years using the straight-line method.

Investment properties

On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year in which the item is derecognised.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme are charged as an expense as they fall due.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Financial instruments

Financial assets and financial liabilities are recognised on the balance sheet when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

The Group's financial assets are classified into loans and receivables. The accounting policies adopted are set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. At each balance sheet date subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment losses are reversed in subsequent periods when an increase in the asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to a restriction that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by a group entity are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

The accounting policies adopted in respect of financial liabilities and equity instruments are set out below.

Financial liabilities

Financial liabilities (including trade and other payables, amounts due to directors, amount due to a related company and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised directly in equity is recognised in profit or loss.

For financial liabilities, they are removed from the Group's balance sheet (i.e. when the obligation specified in the relevant contract is discharged, cancelled or expires). The difference between the carrying amount of the financial liability derecognised and the consideration paid or payable is recognised in profit or loss.

Impairment losses

At each balance sheet date, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

5. Critical accounting judgments

Critical judgement in applying accounting policies

In the process of applying the accounting policies which are described in note 4, the management has made the following judgment that has significant effect on the amounts recognised in the financial statements.

Going concern

As at 31 March 2006, the Group had net liabilities of approximately HK$16,239,000. The Directors are of the opinion that the preparation of these financial statements is based on a going concern and its basis has been disclosed in note 2. Should there be any problem in the going concern of the Group, all the assets and liabilities have to be stated at net realisable values.

6. Financial Risk Management Objectives and Policies

The Group's major financial instruments include trade and other receivables, bank balances, trade and other payables, amounts due to directors, amount due to a related company and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Interest rate risk

The Group is exposed to cash flow interest rate risk through the impact of rate changes on short-term bank deposits included in bank balances and cash and bank borrowings. The interest rate and terms of short-term bank deposits and bank borrowings of the Group are disclosed in notes 16 and 20, respectively. The Group currently does not have any interest rate hedging policy. However, the management monitors interest rate change exposure and will consider hedging significant interest rate change exposure should the need arise.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at 31 March 2006 in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated balance sheet. In order to minimise credit risk, the management has adopted credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors of the Company consider that the Group's credit risk is significantly reduced.

Although the bank balances are concentrated on certain counterparties, the credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

7. Business and geographical segments

The Group was solely engaged in property letting business located in Hong Kong.

8. Income tax expense

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred a tax loss for both years.

Tax expense for the year can be reconciled to the loss for the year per the income statement as follows:

	2006	**2005**
	HK$'000	*HK$'000*
		(restated)
Loss for the year	(5,252)	(30,267)
Tax at Hong Kong Profits Tax rate of 17.5%	(919)	(5,297)
Tax effect of expenses not deductible for tax purpose	1,155	5,865
Tax effect of income not taxable for tax purpose	(255)	—
Tax effect of tax losses not recognised	19	—
Utilisation of tax loss not recognised	—	(568)
Tax expense for the year	—	—

As at 31 March 2006, the Group has unused tax losses of approximately HK$12,858,000 (2005: HK$12,752,000), available to offset against future profits. No deferred tax asset has been recognised in respect of such losses for the Group due to the unpredictability of future profit streams. The losses may be carried forward indefinitely.

9. Loss for the year

	2006	**2005**
	HK$'000	*HK$'000*
		(restated)
Loss for the year has been arrived at after charging:		
Depreciation of property	10	9
Directors' emoluments *(Note 10)*	2,170	10,200
Other staff costs	387	343
Retirement benefits scheme contributions	38	23
Total staff costs	2,595	10,566
Auditors' remuneration	348	250

10. Directors' emoluments

The emoluments paid or payable to each of the 8 (2005: 7) directors were as follows:

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2006				
Executive directors:				
Mr. Zhang Hongwei	1,000	—	—	1,000
Mr. Guan Guoliang	600	—	—	600
Mr. Wong Wing Ming	—	—	—	—
Mr. Zhu Jun *(Note a)*	270	270		
	1,870	—	—	1,870
Independent non-executive directors:				
Mr. Chan Ka Si *(Note b)*	—	—	—	—
Mr. Chau Siu Wai	120	—	—	120
Mr. San Fung	120	—	—	120
Mr. Zhu Chengwu *(Note a)*	60	—	—	60
	300	—	—	300
	2,170	—	—	2,170

Notes:

a. Appointed as directors during the year ended 31 March 2006.

b. Resigned as a director during the year ended 31 March 2006.

	Fees	Salaries and other benefits	Retirement benefits scheme contributions	Total emoluments
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Year ended 31 March 2005				
Executive directors:				
Mr. Zhang Hongwei	—	—	—	—
Mr. Guan Guoliang	4,000	5,700	—	9,700
Mr. Wong Wing Ming	—	—	—	—
	4,000	5,700	—	9,700
Independent non-executive directors:				
Mr. Chan Ka Si	—	—	—	—
Mr. Chau Siu Wai *(Note a)*	250	—	—	250
Mr. San Fung *(Note a)*	250	—	—	250
Mr. Wong See Hung *(Note b)*	—	—	—	—
	500	—	—	500
	4,500	5,700	—	10,200

Notes:

a. Appointed as directors during the year ended 31 March 2005.

b. Resigned as a director during the year ended 31 March 2005.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year ended 31 March 2006 and 2005.

11. Employees' emoluments

Of the five highest paid employees in the Group, three (2005: three) were directors of the Company whose emoluments are included in note 10 above. The emoluments of the remaining two (2005: two) individuals were as follows:

	2006	2005
	HK$'000	*HK$'000*
Salaries and other benefits	293	310
Retirement benefit scheme contributions	15	14
	308	324

Their emoluments were within the band from HK$nil to HK$1,000,000.

During the years ended 31 March 2006 and 2005, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an incentive to join or upon joining the Group or as compensation for loss of office.

12. Basic loss per share

The calculation of the basic loss per share is based on the loss for the year of approximately HK$5,252,000 (2005: HK$30,267,000) and on 95,985,375 (2005: 95,985,375) shares, being adjusted for the share combination from 10 shares to 1 share which has taken place during the year ended 31 March 2006.

The following table summarises the impact on the basic loss per share as a result of:

	Impact on basic loss per share	
	Year ended 31st March 2006	**Year ended 31st March 2005**
	cents	*cents*
Reported figures before adjustments	(5.40)	(31.61)
Adjustments arising from changes in accounting policy	(0.07)	0.08
Restated	(5.47)	(31.53)

There were no potential shares in issue during both years.

13. Investment properties

	HK$'000 (restated)
FAIR VALUE	
At 1 April 2004 as originally stated	37,000
Effect of changes in accounting policy	(390)
At 1 April 2004 as restated	36,610
Deficit arising on revaluation recognised in the income statement	(18,420)
At 31 March 2005	18,190
Transfer to property	(60)
Increase in fair value recognised in the income statement	1,440
At 31 March 2006	19,570

The fair value of the Group's investment properties as at 31 March 2006 has been arrived at on the basis of a valuation carried out on that date by BMI Appraisals Limited, independent qualified professional valuers not connected with the Group. BMI Appraisals Limited are members of the Institute of Valuers, and have appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The valuation has been prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors, was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The Group's investment properties are held under medium-term leases in Hong Kong.

14. Property

	HK$'000
AT COST	
At 1 April 2004 as originally stated	—
Effect of changes in accounting policy	390
At 1 April 2004 as restated, 31 March 2005 and 1 April 2005	390
Transfer from investment properties	60
At 31 March 2006	450
DEPRECIATION	
At 1 April 2004 as originally stated	—
Effect of changes in accounting policy	18
At 1 April 2004 as restated	18
Provided for the year	9
At 31 March 2005 and 1 April 2005	27
Provided for the year	10
At 31 March 2006	37
CARRYING VALUES	
At 31 March 2006	413
At 31 March 2005	363

The carrying value of property shown above comprises leasehold land in Hong Kong under medium-term lease for both years.

15. Trade and other receivables

	2006	**2005**
	HK$'000	*HK$'000*
Trade receivables	40	56
Other receivables	583	551
Total trade and other receivables	623	607

The Group allows an average credit period of 30 days to its trade customers. The following is an aged analysis of trade receivables, based on invoice date, at the reporting date:

	2006	**2005**
	HK$'000	*HK$'000*
Within 60 days	40	—
61 to 90 days	—	53
Over 90 days	—	3
	40	56

The fair value of the Group's trade and other receivables as at 31 March 2006 approximates to the corresponding carrying amount.

16. Bank balances and cash

The amounts comprise cash and short-term bank deposits at market interest rates ranging from 1% to 3% (2005: 0% to 1%) with an original maturity of three months or less. The fair value of the Group's bank balances as at 31 March 2006 approximates to the corresponding carrying amount.

17. Trade and Other Payables

	2006	**2005**
	HK$'000	*HK$'000*
Trade payables	—	1,268
Other payables	3,453	5,559
Total trade and other payables	3,453	6,827

The following is an aged analysis of trade payable at the balance sheet date:

	2006	**2005**
	HK$'000	*HK$'000*
Within 60 days	—	65
61 to 90 days	—	91
Over 90 days	—	1,112
	—	1,268

The fair value of the Group's trade and other payables as at 31 March 2006 approximates to the corresponding carrying amount.

18. Amounts due to Directors

The balances are unsecured, interest-free and repayable on demand. The fair value of the balances as at 31 March 2006 approximates to the corresponding carrying amount.

19. Amount due to a related Company

The amount due to Oriental Harbour Holding Limited is unsecured, interest-free and repayable on demand. The fair value of the balance as at 31 March 2006 approximates to the corresponding carrying amount.

20. Bank borrowings

	2006	**2005**
	HK$'000	*HK$'000*
Secured bank loans	14,704	11,346
Unsecured bank overdraft	—	21
	14,704	11,367

The bank borrowings are repayable as follows:

Within one year	1,473	1,101
Between one and two years	1,575	1,121
Between two and five years	5,412	3,628
Over five years	6,244	5,517
	14,704	11,367
Less: Amount due within one year shown under current liabilities	(1,473)	(1,101)
Amount due after one year	13,231	10,266

The bank loans are variable-rate borrowings which carry interest ranging from 3.70% to 7.25% per annum (2005: 3.50% to 3.70% per annum).

The fair value of the Group's bank borrowings as at 31 March 2006 approximates to the corresponding carrying amount.

21. Share capital

	Number of shares	Amount
		HK$'000
Authorised:		
Shares of HK$0.10 each at 1 April 2004 and 31 March 2005	1,600,000,000	160,000
Consolidation of shares and reduction in capital	(1,440,000,000)	(95,025)
Division of shares	6,337,447,875	—
Shares of HK$0.01 each at 31 March 2006	6,497,447,875	64,975
Issued and fully paid:		
Shares of HK$0.10 each at 1 April 2004 and 1 April 2005	959,853,750	95,985
Consolidation of shares and reduction in capital	(863,868,375)	(95,025)
Shares of HK$0.01 each at 31 March 2006	95,985,375	960

On 8 August 2005, the Company reorganised its capital structure as follows:

(i) consolidate 10 shares of the Company's ordinary shares of HK$0.10 each into 1 consolidated share of HK$1.00;

(ii) reduce the nominal value of each issued consolidated share from HK$1.00 share to HK$0.01; and

(iii) sub-divide each authorised but unissued consolidated share into 100 new shares.

22. Pledge of assets

The carrying amounts of assets pledged by the Group to financial institutions to secure credit facilities granted to the Group are analysed as follows:

	THE GROUP	
	2006	**2005**
	HK$'000	*HK$'000*
Investment properties	19,570	18,190
Property	413	363
Other assets	40	56
	20,023	18,609

As at 31 March 2006 and 2005, the Group has executed a deed of assignment over the rental proceeds from tenants arising from the lease of investment properties held by the Group to secure credit facilities granted to the Group.

23. Operating leases

The Group as lessee

The Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2006	2005
	HK$'000	*HK$'000*
Within one year	180	—
In the second to fifth year inclusive	180	—
	360	—

The Group as lessor

Property rental income earned by the Group during the year was approximately HK$3,700,000 (2005: HK$3,884,000). Significant leases are negotiated for a lease term of 1 to 2 years.

The Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2006	2005
	HK$'000	*HK$'000*
Within one year	2,893	3,083
In the second to fifth year inclusive	1,193	1,393
	4,086	4,476

24. Retirement benefits scheme

The Group participates in the Mandatory Provident Fund Scheme (the "MPF Scheme") established under the MPF Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce contributions payable in future years.

The total cost charged to income statement of HK$38,000 (2005: HK$23,000) represents contributions payable to the MPF Scheme by the Group for the year.

25. Related party transaction and balances

Orient Harbour has agreed to provide financial support to enable the Group to meet in full its financial obligations as they fall due for a period of twelve months from the date of this report.

Details of the balances with directors and a related company at the balance sheet date are set out in the consolidated balance sheet on page 7 and notes 18 and 19.

Compensation of key management personnel

The remuneration of key management during the year was as follows:

	2006	2005
	HK$'000	*HK$'000*
Short-term benefits	2,170	10,200

The remuneration of key management is determined by the board of directors having regard to the performance of individuals and market trends.

3. WORKING CAPITAL STATEMENT

The Directors are of the opinion that, after taking into account the financial resources and banking facilities available to the Group, including the proceeds from the Disposal and its internally generated funds, the Group has sufficient working capital to satisfy its requirements for at least the next twelve months from the date of this circular.

4. INDEBTEDNESS STATEMENT

At the close of business on 30 November 2006, the Group had an outstanding borrowings of approximately HK$329 million, comprising amounts due to directors of approximately HK$2 million, advances from independent third parties of approximately HK$13 million and bank loans of approximately HK$314 million which is secured by the pledge of the Group's prepaid lease payments, leasehold land and building, investment properties and rental receivables with total carrying value of HK$578 million as at 30 November 2006 and the corporate guarantee executed by the Company to the extent of approximately HK$16 million. The amounts due to directors and advances from independent third parties are unsecured, interest-free and repayable on demand.

Save as aforesaid or otherwise disclosed in the paragraphs above, and apart from intra-group liabilities and normal trade payables in the ordinary course of the business, as at 30 November 2006, the Group did not have outstanding any debt securities or loan capital issued and outstanding or authorised to be issued but unissued, other borrowings or indebtedness in the nature of borrowings of the Group including guaranteed, unguaranteed, secured and unsecured bank overdrafts, loans or other similar indebtedness, liabilities under acceptance or acceptable credits, debentures, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

5. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP's BUSINESS

(1) For the six months period ended 30 September 2006

Results

For the six months ended 30 September 2006, the Group has recorded a turnover of HK$9.38 million and a loss attributable to shareholders of the Company of HK$2.27 million as compared to a turnover of HK$47.23 million and a profit attributable to shareholders of HK$7.19 million recorded for the last corresponding period in 2005.

Result Analysis

The revenue for the six months ended 30 September 2006 is mainly derived from the properties letting business in Hong Kong and the PRC of HK$6.35 million as well as trading of household building materials in the PRC of HK$3.02 million. The decrease in turnover in 2006 as compared to the corresponding period in 2005 is primarily due to the fact that the Group has ceased trading of household building materials to connected persons of the Group during the period under review.

For the six months ended 30 September 2005, the increase in other operating income from HK$0.38 million in 2005 to HK$3.46 million in 2006 is mainly due to the increase in interest income. The increase in administrative expenses from HK$6.64 million to HK$9.96 million included increase in legal expense, salary and other general expenses.

The difference on net operating result between 2005 and 2006 is mainly arisen from the changes in fair value of investment properties for the period ended 30 September 2005.

Further, the "trade and account receivables" in the sum of approximately HK$9.3 million as shown in the consolidated balance sheet of the interim report for the six months ended 30 September 2006 comprises of (1) the account receivable for the quarterly rental and management fee receivable from Shenyang Shengtaiyuan of HK$2.3 million (which has already been received by the Company as of today); (2) the prepayment for the construction project (Shenyang Dadongfang) of HK$4.6 million; (3) the rental and decoration deposit for new office of the Group in Two Pacific Place, Admiralty of HK$1.3 million; and (4) other account receivable of HK$1.1 million.

Business Review

Property letting business

Upon completion of acquisition of Grand Hope Group, the Group has, in addition to the investment property located in Hong Kong, added another source of rental and management income from a commercial building in Shenyang which will contribute an annual income of RMB9,144,800 to the Group.

Property investment business in Shenyang

The Group holds parcels of land in Shenyang with total site area of 328,862.8 square metres for development ("Shenyang Project"). The Group intends to develop the land for sale and leasing purpose. There is no revenue contributed from the property investment business during the period under review.

Wholesale trading of household building materials business in Shenyang

The trading of household building materials in Shenyang is on indent basis. The wholesale business contributed about HK$3.02 million to the turnover of the Group for the six months ended 30 September 2006, showing a significant decrease as compared to HK$40.97 million for the corresponding period in 2005. The reason for such decrease is because the Group has ceased to conduct trading with the connected persons of the Group. Though the turnover of the wholesale business dropped significantly during the period, there will not be any significant impact on the Group because its profit margin was only about 0.91%.

Liquidity and Financial Resources

The Group has a healthy financial position throughout the period under review. As at 30 September 2006, net current assets amounted to HK$345.96 million, representing an increase of 182% from HK$190.45 million as at 31 March 2006.

As at 30 September 2006, the outstanding bank loans of the Group is HK$311.01 million. One of the loans of RMB300 million (approximately equivalent to HK$297 million) drawn down by Grand Hope Group was used to finance the acquisition of the parcels of land in Shenyang, PRC. The outstanding mortgage loan as at 30 September 2006 is HK$13,980,000.

Upon the signing of cooperation agreement with Beijing Guorui on 26 July 2006 for the development of the parcels of land in Shenyang, the Group has been eased from the pressure for raising fund to develop the land in Shenyang because, according to the cooperation agreement, the Group will contribute no further capital towards the Shenyang Projects while Beijing Guorui will be responsible for all additional capital required, which will not be less than RMB1 billion (approximately equivalent to approximately HK$990 million), to develop the remaining parts and the overall management of the Shenyang Project, except the finance and accounting function which will be managed jointly by the Group and Beijing Guorui. Beijing Guorui will also be responsible for the repayment of the principal and interest of RMB300 million (equivalent to approximately HK$297 million) of bank borrowing and RMB60 million (equivalent to approximately HK$59.4 million) of corporate borrowing.

On 6 June 2006, the Company has raised a capital fund of approximately HK$170 million by placing 1,699,998,000 shares at HK$0.10 per share. The placing of new shares further improve the financial position of the Group. As at 30 September 2006, the bank balances and cash on hand of the Group is HK$398.13 million.

The gearing ratio, being the total liabilities over total assets, improved to 36% as at 30 September 2006 from 42% as at 31 March 2006.

Staff and Remuneration Policy

At 30 September 2006, the Group employed a total of 40 full time employees in Hong Kong and PRC.

Employees' remuneration package was reviewed periodically and determined with reference to the performance of the individual and the prevailing market practices. Remuneration package includes basic salaries, year end bonus, medical and retirement benefit schemes.

(2) For the year ended 31 March 2006

Results

For the year ended 31 March 2006, the Group recorded a turnover of HK$3,700,000 and a loss attributable to shareholders of HK$5,252,000, as compared with a turnover of HK$3,884,000 (2004: HK$4,720,000) and a loss attributable to shareholders of HK$30,267,000 recorded last year (2004: HK$29,713,000).

Segment Information

For the years ended 31 March 2005 and 2006, the turnover represented rental income derived from property located in Hong Kong. For the year ended 31 March 2004, the turnover represented rental income of HK$3,599,000 derived from property located in Hong Kong and revenue of HK$1,121,000 derived from the discontinued food division located in the PRC.

Liquidity and Financial Resources and Gearing Ratio

As at 31 March 2005 and 2006, the Group operated under liability, with part of the operating capital provided by Oriental Harbour Holding Limited ("Oriental Harbour") (owned by Mr Zhang Hongwei, the controlling shareholder).

As at 31 March 2004, 2005 and 2006, the Group's cash and bank deposits amounted to HK$1,979,000, HK$64,000 and HK$4,794,000, representing 99.5%, 9.5% and 88.5% of the total current assets respectively.

As at 31 March 2004, 2005 and 2006, the Group's gearing ratios are 51%, 157% and 164% respectively. Such ratios are calculated by dividing the total liabilities by total assets.

Capital Structure

As at 31 March 2004, 2005 and 2006, the Group had outstanding bank mortgage loans of HK$1,260,000, HK$1,101,000 and HK$1,473,000 respectively due within one year. Interest on loans was calculated at variable rates ranging from 3.7% to 7.25% per annum.

Orders

Due to the Group's business nature, as at 31 March 2004, 2005 and 2006, the Group did not have order record.

New Businesses and Investments

In September 2005, the Group offered to its controlling shareholder to acquire a large-scale commercial real estate project in Shenyang City, the PRC. The project has a site area of approximately 328,000 square metres and a gross floor area of approximately 568,000 square metres. The acquisition was completed in June 2006. This marks the Group's actual entry into the real estate market of Mainland China, and laid a solid foundation for the Group's future income and profitability.

Major Customers and Suppliers

Of the Group's total turnover of 2006, the largest and five largest customers represented approximately 24.9% and 6.7 % of the total turnover respectively.

Save for the expense of letting business and operating expenses paid, the Group did not have any purchase for the year.

Save for the financial support provided by Oriental Harbour, none of the Company's directors, their associates or any shareholders of the Company (who, to the knowledge of the Company's directors, hold more than 5% of the Company's shares in issue) had any beneficial interest in any of the Group's five largest customers for 2006 (2005: Nil; 2004: Nil).

Staff and Remuneration Policy

As at 31 March 2006, the Group employed a total of four staffs based on market salary levels. Staff welfare includes insurance, provident scheme and discretionary bonus.

The remuneration policy of the employees of the Group is determined based on employees' performance, qualification and competence. The emoluments of the directors are determined by the board of directors, with reference to the Company's operating results, individual performance of the employees and comparable market data. None of the directors or any of its associates and senior employees was involved in determining their own remunerations.

6. GENERAL OUTLOOK OF THE GROUP'S BUSINESS

On 6 June 2006, the Company had completed the acquisition of Grand Hope Group, a group of companies which principally engaged in property development and investment business in Shenyang Province, the PRC. The Directors hold a positive view regarding the prospect of the property market in Shenyang and the PRC, therefore, the acquisition of Grand Hope Group avails the Group to participate in Shenyang and PRC property market. The Directors believe the acquisition is in the interest of the Company and its shareholders as a whole.

On 26 July 2006, the Group has entered into a cooperation agreement with Beijing Guorui Industrial and Property Company Limited on the development of Shenyang Project. The Directors believe the Group will be benefited from the synergy on the cooperation as it will bring positive return to the Group, thus will reserve more fund to the Group for potential investments.

On 10 November 2006, the Group has entered into a sale and purchase agreement with an independent third party to dispose the property located in Hong Kong in order to realize its long-term investment when the property market in Hong Kong is at a boom. The Directors are of the view that the turnover of the Group will not be substantially affected, given the stable letting and management business in the PRC. The disposal will reduce the Group's borrowing and future interest expenses and further improve its financial position and the working capital condition. The Directors anticipate that the turnover of the Group will be further expanded following the completion of the various phases of the Shenyang Project.

7. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, after making all reasonable enquiry and the review of the interim report of the Group for the six months period ended 30 September 2006, the Directors are not aware of any material adverse change in the financial or trading position or operation of the Group and Grand Hope Group since 31 March 2006, the date to which the latest published audited financial statements of the Group were made up.

The following is the text of a letter, prepared for the purpose of incorporation in this circular from RSM Nelson Wheeler.

Terms defined herein apply to this appendix only.

A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

The accompanying unaudited pro forma consolidated income statement and net assets statement of the Remaining Group (the "Unaudited Pro Forma Financial Information") have been prepared to illustrate the effect of the disposal of the owned properties and investment properties (the "Disposal") might have affected the financial information of the Group.

The unaudited pro forma consolidated income statement of the Remaining Group has been prepared based on the unaudited consolidated income statement of the Group for the six months period ended 30 September 2006 as extracted from the interim report of the Company for the six months period ended 30 September 2006, as if the Disposal had been completed on 1 April 2006.

The unaudited pro forma consolidated net assets statement of the Remaining Group has been prepared based on the unaudited consolidated balance sheet of the Group as at 30 September 2006 as extracted from the interim report of the Company for the six months period ended 30 September 2006, as if the Disposal had been completed on 30 September 2006.

The Unaudited Pro Forma Financial Information has been prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Accordingly, as a result of the nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position and results of operation of the Remaining Group that would have been attained had the Disposal actually occurred on the dates indicated herein. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Remaining Group's future financial position and results of operation.

The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the properties to be disposed of and the Group as set out in Appendix I and II respectively of the Circular.

B. UNAUDITED PRO FORMA CONSOLIDATED INCOME STATEMENT OF THE REMAINING GROUP FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2006

	The Group	**Pro forma adjustments**	*Notes*	**Proforma Balance**
	HK$'000	*HK$'000*		*HK$'000*
Turnover	9,376	(1,827)	*2*	7,549
Direct costs	(4,239)	1,020	*2*	(3,219)
Gross profit	5,137			4,330
Other income	3,460	12,017	*1*	15,477
Administrative expenses	(9,959)			(9,959)
Profit/(loss) from operation	(1,362)			9,848
Finance costs	(486)	486	*4*	—
Profit/(loss) before taxation	(1,848)			9,848
Income tax expenses	(155)			(155)
Profit/(loss) for the period	(2,003)			9,693
ATTRIBUTABLE TO:				
Equity holders of parent	(2,274)			9,422
Minority interests	271			271
	(2,003)			9,693

C. UNAUDITED PRO FORMA CONSOLIDATED NET ASSETS STATEMENT OF THE REMAINING GROUP AS AT 30 SEPTEMBER 2006

	The Group	**Pro forma adjustments**	*Notes*	**Proforma balance**
	HK$'000	*HK$'000*		*HK$'000*
NON-CURRENT ASSETS				
Plant and equipment	126			126
Prepaid lease payments	406,105			406,105
Properties under development	79,213			79,213
Deposits paid for prepaid lease payments	13,133			13,133
Investment properties	170,522	(19,570)	*1*	150,952
Properties	413	(413)	*1*	—
	669,512			649,529
CURRENT ASSETS				
Trade and other receivables	9,289	(57)	*2*	9,232
Amount due from a related company	51			51
Bank balances and cash	398,127	17,564	*5*	415,691
	407,467			424,974
CURRENT LIABILITIES				
Trade and other payables	32,637	(513)	*2*	32,124
Tax payables	234			234
Amounts due to directors	2,114			2,114
Amounts due to a related company	12,539			12,539
Bank borrowings — due within one year	13,980	(13,980)	*3*	—
	61,504			47,011
Net current assets	345,963			377,963
Total assets less current liabilities	1,015,475			1,027,492

	The Group	Pro forma adjustments	Notes	Proforma balance
	HK$'000	*HK$'000*		*HK$'000*
NON-CURRENT LIABILITIES				
Bank borrowings				
— due after one year	297,030			297,030
Deferred tax liabilities	25,815			25,815
	322,845			322,845
Minority interests	199,324			199,324
NET ASSETS ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	493,306			505,323

D. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE REMAINING GROUP

(1) The adjustment reflects the gain on the Disposal, being consideration of HK$33,330,000 net of estimated expenses directly attributable to the Disposal of HK$1,330,000 less the fair value of the investment property of HK$19,570,000 and carrying value of the owned properties of HK$413,000.

(2) The adjustment reverses the rental income, direct costs, account receivables and rental deposits received attributable to the investment properties due to the Disposal.

(3) The adjustment represents the repayment of the interest-bearing bank borrowings for which the owned properties and investment properties were pledged as if the Disposal occurred.

(4) The adjustment reflects the reversal of the finance costs as if the repayment of the interest-bearing bank borrowings mentioned in note 3 had occurred.

(5) The adjustment reflects the effect of the receipt of net cash as mentioned in notes 1, 2 and 3.

E. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, from the independent reporting accountants, RSM Nelson Wheeler, Certified Public Accountants, Hong Kong.

RSM Nelson Wheeler
羅 申 美 會 計 師 行
Certified Public Accountants

7th Floor
Allied Kajima Building
138 Gloucester Road
Hong Kong

6 January 2007

The Board of Directors
Orient Resources Group Company Limited
Unit 2112, Two Pacific Place
88 Queensway, Hong Kong

Dear Sirs,

We report on the unaudited pro forma financial information of Orient Resources Group Company Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), which has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the proposed disposal of the owned properties and investment properties might have affected the financial information of the Group presented, for inclusion in Appendix III to the circular of the Company dated 6 January 2007 (the "Circular"). The basis of preparation of the unaudited pro forma financial information is set out on page 61 to 64 to the Circular.

Respective Responsibilities of Directors of the Company and Reporting Accountants

It is the responsibilities solely of the directors of the Company to prepare the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to the Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited pro forma financial information with the directors of the Company. The engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

The unaudited pro forma financial information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of:

- the financial position of the Group as at 30 September 2006 or any future date; or
- the results of the Group for the six months period ended 30 September 2006 or any future periods.

Opinion

In our opinion:

(a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of value and valuation certificate, prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer, in connection with its valuation as at 31 October 2006 of the property located in Hong Kong held by the Group.

BMI APPRAISALS

BMI Appraisals Limited 中和邦盟評估有限公司

Suite 11-18, 31/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong
香港灣仔港灣道6-8號瑞安中心3111-18室
Tel電話：(852) 2802 2191 Fax傳真：(852) 2802 0863
Email電郵：info@bmintelligence.com Website網址：www.bmintelligence.com

6 January 2007

The Directors
Orient Resources Group Company Limited
Unit 2112
Two Pacific Place
88 Queensway
Hong Kong

Dear Sirs,

INSTRUCTIONS

In accordance with your instructions for us to value the property held by Orient Resources Group Company Limited (referred to as the "Company") and/or its subsidiaries (hereinafter referred to as the "Group") located in Hong Kong. We confirm that we have performed an inspection, made relevant enquiries and obtained such further information, as we consider necessary for the purpose of providing you with our opinion of the market value of the property as at 31 October 2006 (referred to as the "date of valuation").

BASIS OF VALUATION

Our valuation of the concerned property has been based on the Market Value, which is defined as "the estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion."

VALUATION METHODOLOGIES

In valuing the property held by the Group, we have valued it on an open market basis by the Comparison Approach assuming sale in its existing state with the benefit of vacant possession and by making reference to comparable sales evidence as available in the relevant market. Appropriate adjustments have then been made to account for the differences between the subject property and the comparables in terms of age, time, location, floor level and other relevant factors.

We have also adopted the Investment Approach where appropriate by taking into account the current rents passing of the constituent units of property being held under existing tenancies and the reversionary potential of the tenancies if they has been or would be let to tenants.

TITLE INVESTIGATIONS

We have caused land searches to be made at the relevant Land Registry and have been provided with all necessary information for the purpose of our valuation, including, inter alia, copies of land searches and floor plans obtained from the Land Registry, certified true copy of the assignment of the property (as advised by the Group, the original assignment of the property is not available for our inspection as the property is subject to a legal charge in favour of Wing Hang Bank Limited and such assignment is retained by Wing Hang Bank Limited during the mortgage period), copies of tenancy agreements by the Group showing the rents, lease terms and outgoings of each of the tenancies. We have been advised by the Group that no further relevant documents have been produced. However, we have neither examined the original documents to verify ownership nor to ascertain the existence of any amendments, which do not appear on the copies handed to us. All documents and tenancy agreements have been used for reference only.

VALUATION ASSUMPTIONS

Our valuation has also been made on the assumption that the property is sold in the open market without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which would serve to affect the value of the property.

In addition, no account has been taken of any option or right of pre-emption concerning or affecting the sale of the property and no forced sale situation in any manner is assumed in our valuation.

VALUATION CONSIDERATIONS

We have inspected the exterior and wherever possible, the interior of the property included within the attached valuation certificate. During the course of our inspection, we did not note any serious defects. However, no structural survey has been conducted and we are therefore unable to report as to whether the property is free from rot, infestation or other defects. No tests were carried out on any of the services.

In the course of our valuation, we have relied to a considerable extent on the information provided by the Group and have accepted advice on such matters as planning approvals, statutory notices, easements, tenures, particulars of occupancy and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificate are based on information contained in the leases and other documents provided to us and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information so supplied.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and outgoings of an onerous nature, which could affect its value.

Our valuation has been prepared in accordance with the HKIS Valuation Standards on Properties (First Edition 2005) published by the Hong Kong Institute of Surveyors.

Our valuation has been prepared under the generally accepted valuation procedures and is in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

REMARKS

Unless otherwise stated, all money amounts stated are in Hong Kong Dollars (HK$).

Our Summary of Value and the Valuation Certificate are attached herewith.

Yours faithfully,
For and on behalf of
BMI APPRAISALS LIMITED
Joannau W.F. Chan
BSc. MSc. MRICS MHKIS RPS(GP)
Director

Note: Ms. Joannau W.F. Chan is a Chartered Surveyor who has over 14 years' experience in valuations of properties in Hong Kong and over 8 years' experience in valuations of properties in the People's Republic of China and the Asia-Pacific region.

SUMMARY OF VALUE

Property	Market Value in existing state as at 31 October 2006
	HK$
The Whole of 5th and 6th Floors and Car Parking Space Nos. 33, 34 and 50 on Ground Floor, Kwai Shun Industrial Centre, Nos. 51-63 Container Port Road, Kwai Chung, New Territories, Hong Kong	31,000,000
Total:	31,000,000

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 October 2006 *HK$*
The Whole of 5th and 6th Floors and Car Parking Space Nos. 33, 34 and 50 on Ground Floor, Kwai Shun Industrial Centre, Nos. 51-63 Container Port Road, Kwai Chung, New Territories, Hong Kong 488/3,608th equal and undivided parts or shares of and in Kwai Chung Town Lot No. 355	The property comprises various industrial units on the 5th and 6th floors, 2 lorry parking spaces and 1 container parking space on the Ground Floor of a 13-storey industrial building completed in 1979. The total gross floor area and the lettable area of the industrial units are approximately 72,040 sq.ft. (6,692.68 sq.m.) and 67,732 sq.ft. (6,292.46 sq.m.) respectively. The property is held under New Grant No. 5472 for a term of 99 years less the last three days commencing on 1 July 1898 which has been extended to 30 June 2047. The annual Government Rent payable for the property is 3% of the rateable value of the property at the time being.	The property was let to various tenants under various tenancy agreements as at 27 October 2006 with a lettable area of 52,582 sq.ft. (4,884.99 sq.m.) and the total monthly rent receivable for the month of October 2006 amounted to HK$302,024.5, inclusive of rates, management fees and water and electricity charges with the latest term expiring on 14 October 2008. As advised by the Group, Units 521 & 613 of the property with a total lettable area of approximately 1,550 sq.ft. are owner-occupied. The remaining portion of the property with a total lettable area of approximately 13,600 sq.ft. is vacant and is available for lease.	31,000,000

Notes:

1. The registered owner of the property is Fine Profit Corporation Limited vide Memorial No. TW1568598 dated 22 March 2004.

2. The property is subject to a Legal Charge to secure general banking facilities in favour of Wing Hang Bank Limited vide Memorial No. TW1568599 dated 22 March 2004.

3. Fine Profit Corporation Limited is a wholly-owned subsidiary of the Company.

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular, and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief:

(i) the information contained in this circular is accurate and complete in all material respects and is not misleading;

(ii) there are no other facts the omission of which would make any statement herein misleading; and

(iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are found on bases and assumptions that are fair and reasonable.

2. DISCLOSURE OF INTERESTS

(i) Interest of Directors

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company and their associates in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO; and the interests and short positions of the Directors in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, are as follows:

Name of Director	Name of Company	Nature of interests	Number of Shares Long position	Number of Shares Short position	Approximate % shareholding
Zhang Hongwei	The Company	Attributable interest of controlled corporation	5,128,169,125	—	74.58 *(Note)*
Zhu Jun	The Company	Beneficial owner	1,443,000	—	0.02

Note: The entire issued share capital of He Fu International Limited is solely and beneficially owned by Mr Zhang Hongwei, who is therefore deemed to be interested in the 5,128,169,125 Shares held by He Fu International Limited. Accordingly, the interest in the 5,128,169,125 Shares held by each of Mr Zhang Hongwei and He Fu International Limited refers to the same parcel of Shares.

Saved as disclosed above, as at the Latest Practicable Date, so far as is known to the Directors and chief executive of the Company, none of the Directors or chief executive of the Company and their associates had any interests and short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), the Model Code for Securities Transactions by Directors of Listed Companies and which were required to be entered into the register required to be kept under section 352 of the SFO; and none of the Directors is a director or employee of company which had an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Saved as disclosed separately, as at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement entered into by any members of the Group subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

Saved as disclosed below, as at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 March 2006 (being the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group.

Name of Director	Nature of interests	Completion date	Brief description	Consideration
Zhang Hongwei	Attributable interest of controlled corporation	6 June 2006	Acquisition of the entire share capital of Grand Hope by the Company from He Fu International Limited	Issue of 5,080,000,000 Shares to He Fu International Limited

(ii) Interests of substantial Shareholders

As at the Latest Practicable Date, so far as is known to the Directors and the chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 336 of the SFO, or who were, directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

Name	Name of Company	Capacity and nature of interest	Number of Shares	Approximate % shareholding
He Fu International Limited	The Company	Beneficial owner	5,128,169,125	74.58 *(Note 1)*
Zhang Hongwei	The Company	Attributable interest of controlled corporation	5,128,169,125	74.58 *(Note 1)*
Beijing Guorui	Shenyang Dadongfang	Beneficial owner	N/A	29
Beijing Bailida Logistics Company Limited *(Note 2)*	Shenyang Shengtaiyuan	Beneficial owner	N/A	20

Note 1: Please refer to the Note provided under "(i) Interests of Directors" above

Note 2: Beijing Xinhongji holds 86% while Harbin Shirun holds 14% interest in Beijing Bailida Logistics Company Limited.

Save as disclosed above, the Directors and the chief executive of the Company were not aware that there was any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interests or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group, or had any options in respect of such capital.

3. MATERIAL CONTRACTS

The following contracts, not being contracts entered into in the ordinary course of business of the Group, have been entered into by members of the Group within the two years immediately preceding the Latest Practicable Date and are, or may be, material:

(a) an acquisition agreement dated 22 September 2005 supplemented by 2 supplementary agreements entered into between the Company as the purchaser and He Fu International Limited, a company wholly owned by Mr Zhang Hongwei, who is the controlling shareholder of the Company, as the Vendor for the Acquisition for a consideration of HK$508,000,000;

(b) a lease and property management agreement dated 18 November 2004 entered into between Shenyang Dadongfang and Shenyang Minghu in which Shenyang Dadongfang leased the Commercial Building to Shenyang Minghu for a period of 20 years starting from 1 December 2004 to 30 November 2024;

(c) a cooperation agreement dated 26 July 2006 entered into between Shenyang Dadongfang and Beijing Guorui pursuant to which Shenyang Dadongfang and Beijing Guorui will jointly develop the Shenyang Projects; and

(d) the S&P Agreement.

Save as disclosed above, none of the members of the Group has entered into any contracts (not being contracts entered into in the ordinary course of business) within the two years preceding the date of this circular that are or may be material.

4. EXPERTS AND CONSENTS

The following is the qualifications of the experts who have given opinions or advice which are contained in this circular:

Name	Qualification
RSM Nelson Wheeler	Certified public accountants
BMI Appraisals Limited	Professional valuers

RSM Nelson Wheeler and BMI Appraisals Limited have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion herein of their respective letters and reports (as the case may be) and references to their respective names, in the form and context in which they respectively appear.

As at the Latest Practicable Date, none of RSM Nelson Wheeler and BMI Appraisals Limited was beneficially interested in the share capital of any member of the Group, nor did they have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did they have any interest, either direct or indirect, in any assets which had been since 31 March 2006 (being the date to which the latest published audited accounts of the Company were made up) acquired or disposed of by or leased to any member of the Group or which were proposed to be acquired or disposed of by or leased to any member of the Group.

5. DIRECTOR'S SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with any member of the Group which were not expiring or determinable by the employer within one year without payment of compensation other than statutory compensation.

6. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claims of material importance pending or threatened against any member of the Group.

7. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors and his/her respective associates was considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group other than those businesses to which the Directors and his/her associates were appointed to represent the interests of the Company and/or of the Group.

8. MISCELLANEOUS

(i) The secretary of the Company is Ms Cheung Hing Man, Charissa. Ms Cheung is a member of the CPA Australia.

(ii) The qualified accountant of the Company is Mr Ho Yuk Ming, Hugo who is an associate member of the HKICPA.

(iii) The Hong Kong branch share registrar and transfer office of the Company is Secretaries Limited situated at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(iv) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

(v) The English text of this circular and the accompanying proxy form shall prevail over its Chinese text.

9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours at the principal place of business of the Company in Hong Kong from the date of this circular up to and including 23 January 2007:

(i) the memorandum of association and Bye-Laws of the Company;

(ii) the audited financial statements of the Group for each of the three financial years ended 31 March 2004, 2005 and 2006 and the unaudited interim report for the six months period ended 30 September 2006, the text of which is set out in Appendix II to this circular;

(iii) the letter from RSM Nelson Wheeler and BMI Appraisals Limited referred to in the section headed "Experts and Consents" in this Appendix;

(iv) the letter from RSM Nelson Wheeler on the financial information on the Property, the text of which is set out in Appendix I to this circular;

(v) the report from RSM Nelson Wheeler on the pro forma financial information on the Remaining Group for six months ended 30 September 2006, the text of which is set out in Appendix III to this circular;

(vi) the letter and valuation certificate prepared by BMI Appraisals Limited in respect of the Property, the text of which is set out in Appendix IV to this circular;

(vii) the circular of the Company to its Shareholders dated 31 March 2006 in relation to a very substantial acquisition; and

(viii) the material contracts referred to in the section headed "Material Contracts" in this Appendix.

ORIENT RESOURCES GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 467)

NOTICE IS HEREBY GIVEN that the Special General Meeting of Orient Resources Group Company Limited (the "**Company**") will be held at The Cypress, Level 3, Renaissance Kowloon Hotel Hong Kong, 22 Salisbury Road Tsimshatsui, Kowloon, Hong Kong on Wednesday, 24 January 2007 at 3:00 p.m. for the purposes of considering and if thought fit, passing the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

1. the terms and conditions of the sale and purchase agreement (the "**S&P Agreement**") entered into between Fine Profit Corporation Limited, a directly wholly-owned subsidiary of the Company and Union Step Limited, a copy of which has been produced to this meeting marked "A" and signed by the Chairman of this meeting for the purpose of identification, and the transactions contemplated thereby, be and are hereby approved, ratified and confirmed; and

2. any two of the Directors (or if execution under the common seal of the Company is required, any two Directors or any one Director and the Secretary) of the Company be and are hereby authorised for and on behalf of the Company to sign and, where required, to affix the common seal of the Company onto any documents, instruments or agreements and to do all such acts and things and execute all such documents as they may in their discretion consider necessary or expedient for the purpose of implementing the S&P Agreement and the transactions contemplated thereby and in connection therewith."

By order of the Board
Zhang Hongwei
Chairman

Hong Kong, 6 January 2007

Notes:

(1) A form of proxy for use at the meeting is enclosed.

(2) Any member entitled to attend and vote at the Special General Meeting is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares of the Company may appoint one or more proxies to attend instead of him/her. A proxy need not be a member of the Company.

(3) The form of proxy must be signed by you or your attorney duly authorised in writing or, in the case of a corporation, must be under its seal or the hand of an officer, attorney or other person duly authorised.

(4) The form of proxy and the power of attorney or other authority, if any, under which it is signed or a certified copy thereof must be lodged at the office of the Company's branch share registrar and transfer office in Hong Kong, Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, not later than 48 hours before the time appointed for holding the Special General Meeting or any adjourned meeting (as the case may be) and in default the proxy shall not be treated as valid. Completion and return of the form of proxy shall not preclude members from attending and voting in person at the Special General Meeting or at any adjourned meeting (as the case may be) should they so wish.

(5) Where there are joint registered holders of any share, any one of such persons may vote at any meeting, either in person or by proxy, in respect of such share as if he/she was solely entitled thereto; but if more than one of such joint holders be present at the meeting personally or by proxy, the vote of that one of the said persons so present whose name stands first on the register of members in respect of such share shall be accepted to the exclusive of the votes of the other joint holders.

As at the date hereof, the executive directors of the Company are Mr Zhang Hongwei, Mr Zhu Jun and Ms Zhang Meiying and the independent non-executive directors of the Company are Mr San Fung, Mr Chau Siu Wai and Mr Zhu Chengwu.