

ORIENT RESOURCES GROUP COMPANY LIMITED

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

(Stock code: 0467)

Interim Report
2007

Orient Resources Group Company Limited

The Board of Directors of Orient Resources Group Company Limited (the “Company”) hereby presents the unaudited consolidated interim results of the Company and its subsidiaries (“the Group”) for the six months ended 30 September 2007 together with the unaudited comparative figures for the corresponding period in 2006 as follows:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For six months ended 30 September 2007

	Note	Six months ended 30 September	
		2007 (unaudited) HK\$'000	2006 (unaudited) HK\$'000
Turnover	4	4,688	9,376
Cost of sales and service		(234)	(4,239)
Gross profit		4,454	5,137
Other income	5	5,370	3,460
Administrative expenses		(16,770)	(9,959)
Loss from operations	5	(6,946)	(1,362)
Finance costs	5	—	(486)
Loss before tax		(6,946)	(1,848)
Income tax expense	6	(299)	(155)
Loss for the period		(7,245)	(2,003)
ATTRIBUTABLE TO:			
Equity holders of the Company		(5,849)	(2,274)
Minority interests		(1,396)	271
		(7,245)	(2,003)
LOSS PER SHARE			
Basic	7	(0.09) cents	(0.04) cents
Diluted	7	N/A	N/A

Orient Resources Group Company Limited

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 September 2007

	Note	As at 30 September 2007 (unaudited) HK\$'000	As at 31 March 2007 (audited) HK\$'000
Non-current assets			
Property, plant and equipment	13	153,317	149,710
Investment properties	13	165,169	161,616
		318,486	311,326
Current assets			
Properties under development	13	488,656	367,480
Trade and other receivables	9	7,163	76,850
Deposits paid for prepaid land lease payments	13	13,693	13,398
Due from a director		—	5
Due from a related company		—	69
Financial assets at fair value through profit or loss		54,504	6,109
Bank balances and cash		377,609	355,158
		941,625	819,069
Current liabilities			
Trade and other payables	10	82,960	21,654
Current tax liabilities		897	573
Due to directors		3,790	3,930
Due to related companies		13,073	12,792
Due to a minority shareholder		86,976	31,402
Bank loans		309,693	303,030
		497,389	373,381
Net current assets		444,236	445,688
Total assets less current liabilities		762,722	757,014
Non-current liabilities			
Deferred tax liabilities		29,658	29,020
Net assets		733,064	727,994
Capital and reserves			
Share capital	11	68,760	68,760
Reserves		454,464	452,534
Equity attributable to equity holders of the Company		523,224	521,294
Minority interests		209,840	206,700
Total equity		733,064	727,994

Orient Resources Group Company Limited

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGE IN EQUITY

For the six months ended 30 September 2007

	Attributable to equity holders of the Company										
	Share capital HK\$'000	Share premium account HK\$'000	Merger reserve HK\$'000	Capital reserve HK\$'000	Property revaluation reserve HK\$'000	Foreign currency translation reserve HK\$'000	Statutory reserve HK\$'000	Retained profits/ (acc- umulated losses) HK\$'000	Total HK\$'000	Minority interests HK\$'000	Total HK\$'000
At 1 April 2006, as previously reported	960	185,685	-	-	2,672	-	-	(205,556)	(16,239)	-	(16,239)
Effect on merger of equity interests in subsidiaries	50,800	2,235,200	(2,286,000)	287,545	-	5,921	522	42,245	336,233	195,926	532,159
At 1 April 2006, as restated	51,760	2,420,885	(2,286,000)	287,545	2,672	5,921	522	(163,311)	319,994	195,926	515,920
Exchange differences arising on translation of foreign operations	-	-	-	-	-	7,605	-	-	7,605	4,432	12,037
Issue of shares on placement	17,000	153,000	-	-	-	-	-	-	170,000	-	170,000
Loss for the period	-	-	-	-	-	-	-	(2,274)	(2,274)	271	(2,003)
At 30 September 2006	68,760	2,573,885	(2,286,000)	287,545	2,672	13,526	522	(165,585)	495,325	200,629	695,954
At 1 April 2007	68,760	2,572,169	(2,286,000)	287,545	-	20,429	829	(142,438)	521,294	206,700	727,994
Exchange differences arising on translation of foreign operations	-	-	-	-	-	7,779	-	-	7,779	4,536	12,315
Loss for the period	-	-	-	-	-	-	-	(5,849)	(5,849)	(1,396)	(7,245)
At 30 September 2007	68,760	2,572,169	(2,286,000)	287,545	-	28,208	829	(148,287)	523,224	209,840	733,064

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 September 2007

	As at 30 September 2007 (unaudited) HK\$'000	As at 30 September 2006 (unaudited) HK\$'000
Net cash inflow from operating activities	102,876	10,874
Net cash outflow from investing activities	(86,241)	(525,452)
Net cash inflow from financing activities	—	665,087
Net increase in cash and cash equivalents	16,635	150,509
Cash and cash equivalents at 1 April	355,158	242,212
Effect of foreign exchange rate charges	5,816	5,406
Cash and cash equivalents at 30 September	377,609	398,127

NOTES TO INTERIM FINANCIAL STATEMENTS

For the six months ended 30 September 2007

1. General information

The Company was incorporated in the Cayman Islands and redomiciled to Bermuda as an exempted company with limited liability under the Company Act of Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The address of its principal place of business is Unit 2112, 21/F., Two Pacific Place, 88 Queensway, Hong Kong. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

He Fu International Limited, a company incorporated in the British Virgin Islands, is the immediate and ultimate parent and Mr. Zhang Hong Wei is the ultimate controlling party of the Company.

The condensed consolidated interim financial information has been approved for issue by the board of directors on 21 November 2007.

2. Basis of preparation

The condensed consolidated interim financial information for the six months ended 30 September 2007 have been prepared in accordance with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and the Hong Kong Accounting Standard No.34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

3. Principal accounting policies

The accounting policies used in the condensed interim financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2007. The condensed interim financial statements should be read in conjunction with the Company's 2007 annual report.

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, which are effective for accounting periods beginning on January 2007 and which are relevant to its operations. The adoption of the new HKFRSs has no significant impact on these condensed consolidated interim financial statements.

3. Principal accounting policies (Continued)

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

4. Segment information

Primary Reporting Format – Business Segments

The Group is currently operating into three business segments, property development, 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 2007

	Property development HK\$'000	Property investment HK\$'000	Wholesale of household building materials HK\$'000	Consolidated HK\$'000
Turnover	–	4,688	–	4,688
Segment results	(7,508)	1,052	(103)	(6,559)
Other income				5,370
Unallocated corporate expenses				(5,757)
Loss from operations				(6,946)
Finance costs				–
Loss before taxation				(6,946)
Taxation				(299)
Loss for the period				(7,245)

Orient Resources Group Company Limited

4. Segment information (Continued)

Six months ended 30 September 2006

	Property development HK\$'000	Property investment HK\$'000	Wholesale of household building materials HK\$'000	Consolidated HK\$'000
Turnover	—	6,354	3,022	9,376
Segment results	(3,813)	3,460	(236)	(589)
Other income				3,460
Unallocated corporate expenses				(4,233)
Loss from operations				(1,362)
Finance costs				(486)
Loss before taxation				(1,848)
Taxation				(155)
Loss for the period				(2,003)

Secondary Reporting Format – Geographical segments

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	
	2007 HK\$'000	2006 HK\$'000
PRC, excluding Hong Kong	4,688	7,549
Hong Kong	—	1,827
	4,688	9,376

5. Loss from operations

	For the six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
Loss from operations has been arrived at after charging (crediting) the followings:		
Other revenue:		
Interest income	(2,637)	(2,967)
Gain on disposals of financial assets at fair value through profit or loss	(2,681)	—
Other income	(52)	(493)
	(5,370)	(3,460)
Interest on		
— bank borrowings wholly repayable within one year	—	486
Staff costs, including directors' remuneration and retirement benefit scheme contributions	2,082	1,496
Depreciation of plant and equipment	96	436
Auditors' remuneration	261	—
Amortisation of prepaid land lease payments	—	5,036
Less: capitalised in properties under development	—	(5,036)
	—	—
Interest expenses	5,308	24,251
Less: capitalised in properties under development	(5,308)	(24,251)
	—	—

Orient Resources Group Company Limited

6. Income tax expense

	For the six months ended 30 September	
	2007 HK\$'000	2006 HK\$'000
PRC Income Tax	299	155

No provision for profits tax in the Bermuda, the British Virgin Islands or Hong Kong is required as the Group has no assessable profit arising in or derived from these jurisdictions for the relevant periods.

Pursuant to the relevant laws and regulations in the PRC, the subsidiaries in the PRC are required to pay PRC enterprise income tax at a rate of 30% of notional income tax plus 3% of local income tax.

Pursuant to the relevant laws and regulations in the PRC, a subsidiary of the Group, Shenyang Dadongfang Property Development Company Limited is exempted from PRC local tax of 3% for the relevant periods.

No preferential enterprise income tax was granted to other PRC subsidiary, the tax rate applicable to the other subsidiary in the PRC is 33% for the relevant periods.

7. Loss per share

Basic loss per share is calculated based on the net loss attributable to equity holders of the Company during the period divided by the weighted average number of ordinary shares in issue. The calculation of the basic loss per share is based on the following:

	For the six months ended 30 September	
	2007	2006
Loss attributable to equity holders of the Company (HK\$'000)	(5,849)	(2,274)
Weighted average number of ordinary shares in issue	6,875,983,375	6,262,169,342
Basic loss per share (HK\$ cents)	(0.09)	(0.04)

In determining the weighted average number of ordinary shares in issue, the 5,080,000,000 ordinary shares as consideration for the acquisition of Grand Hope were deemed to be in issue since 1 April 2006.

No diluted loss per share for the six months ended 30 September 2007 is presented as the Company did not have any dilutive potential ordinary share 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 2007 (Six months ended 30 September 2006: Nil).

Orient Resources Group Company Limited

9. Trade and other receivables

	30 September 2007 <i>HK\$'000</i>	31 March 2007 <i>HK\$'000</i>
Trade receivables	4,718	32
Other receivables	2,445	76,818
Total trade and other receivables	7,163	76,850

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

	30 September 2007 <i>HK\$'000</i>	31 March 2007 <i>HK\$'000</i>
Within 60 days	1,572	29
61 to 90 days	1,573	3
91 to 180 days	1,573	—
	4,718	32

11

10. Trade and other payables

	30 September 2007 <i>HK\$'000</i>	31 March 2007 <i>HK\$'000</i>
Trade payables	66,679	7,664
Other payables	16,281	13,990
Total trade and other payables	82,960	21,654

10. Trade and other payables (Continued)

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

	30 September 2007 HK\$'000	31 March 2007 HK\$'000
Within 90 days	49,726	638
91 to 180 days	15,330	—
181 to 365 days	1,623	—
Over 365 days	—	7,026
	66,679	7,664

11. Share capital

	30 September 2007 HK\$'000	31 March 2007 HK\$'000
Authorised: 20,000,000,000 ordinary shares of HK\$0.01 each	200,000	200,000
Issued and fully paid: 6,875,983,375 ordinary shares of HK\$0.01 each	68,760	68,760

12. Commitments

(a) Operating lease commitments

At 30 September 2007, the Group had total future minimum lease payments under non-cancellable operating leases are as follows:

	30 September 2007 HK\$'000	31 March 2007 HK\$'000
Within one year	2,266	2,348
In the second to fifth years inclusive	133	9,980
	2,399	12,328

(b) Capital commitments

	30 September 2007 HK\$'000	31 March 2007 HK\$'000
Contracted but not provided for		
Construction costs	52,829	185,409
Prepaid land lease payments	360,954	353,298
	413,783	538,707

13. Capital expenditure

	Property, plant and equipment <i>HK\$'000</i>	Deposit paid for prepaid land lease payments <i>HK\$'000</i>	Properties under development <i>HK\$'000</i>	Investment properties <i>HK\$'000</i>
For the six months ended				
30 September 2007				
At 1 April 2007	149,710	13,398	367,480	161,616
Additions	440	—	113,061	—
Depreciation and amortisation	(96)	—	—	—
Exchange differences	3,263	295	8,115	3,553
At 30 September 2007	153,317	13,693	488,656	165,169
For the six months ended				
30 September 2006				
At 1 April 2006	137,147	15,745	328,854	172,523
Additions	351	—	18,905	—
Depreciation and amortisation	(437)	—	—	(1,182)
Exchange differences	5	293	10,387	3,387
At 30 September 2006	137,066	16,038	358,146	174,728

MANAGEMENT DISCUSSION AND ANALYSIS

Results

For the six months ended 30 September 2007, the Group has recorded a turnover of HK\$4.69 million and a loss attributable to equity holders of the Company of HK\$5.85 million as compared to a turnover of HK\$9.38 million and a loss attributable to equity holders of the Company of HK\$2.27 million recorded for the last corresponding period in 2006.

Results Analysis

The revenue for the six months ended 30 September 2007, the Group recorded a revenue is mainly derived from the properties letting business in PRC of HK\$4.69 million.

For the six months ended 30 September 2007, the increase in other operating income from HK\$3.46 million to HK\$5.37 million is mainly due to benefit from a gain on disposal of financial assets at fair value through profit or loss. During this period, the Group was proceed a different kind of acquisition, the administrative expenses was increased from HK\$9.96 million to HK\$16.77 million which mainly included increase in legal expenses, salary and other general expenses.

Business Review

For the six months ended 30 September 2007, the Group was mainly engaged in property development and property investment in the PRC.

During the first half of 2007, the PRC economy maintained its rapid growth. Having experienced two years of macro control, the PRC real-estate market experienced a strong performance in the first half of the year. Investments and developments in real-estate increased rapidly, which reflected the strong confidence of investors on the interim trend of the market. Then, the Group still generated a stable annual income of RMB4.57 million (equivalent to approximately HK\$4.69 million) from rental and property management of a commercial building located in Shenyang this period.

Following the count-down to the 2008 Beijing Olympics, substantial amounts of foreign capital and domestic buyers entered Beijing to seek investment opportunities in high-end real-estate properties. It was benefit of the Group which held a parcels of land in Shenyang with total site area of 328,862.8 square metres for development and intend to develop and to build large shopping malls, supermarkets, office, hotels, service apartment on this site.

Liquidity And Financial Resources

The Group continued to be in a strong financial position for this period under review with cash and cash equivalents amounting to HK\$377.61 million as at 30 September 2007.

As at 30 September 2007, the total bank borrowings of the Group amounted to HK\$309 million (31 March 2007: HK\$303 million) and are wholly repayable within one year. The Group's borrowings were denominated in Renminbi.

On 8 August 2007, the Company entered into a placing agreement with BOCI Asia Limited (the "Placing Agreement"), the placing agent, whereas the placing agent has conditionally agreed with the Company to place, on a best-effort basis, to not less than six independent individual, corporate and/or institutional placees for the placing shares (the "Placing Share(s)"). After completion the Placing Shares, the Company could raise a net capital fund of approximately HK\$2,146 million by placing 1,374,000,000 shares at HK\$1.61 per Placing Share. The placing was completed on 16 October 2007. The placing of new shares further improve the financial position of the Group.

The Group had no long-term borrowings, therefore the gearing ratio is not applicable. The current ratio was 1.89, based on current assets of approximately HK\$942 million and current liabilities of approximately HK\$497 million.

Prospects

The Group is principally engaged in investment holding, property development and investment, wholesale of household building materials and management in Shenyang, the PRC. The development and building of large shopping malls, supermarkets, offices, hotels, service apartment by the Group is in progress.

On 8 August 2007, the Company has entered into an acquisition agreement with United Energy Holdings Limited, United Petroleum & Natural Gas Holdings Limited and Kowin Limited for acquire the entire issued share capital of and shareholder's loan owing by United Petroleum & Natural Gas Investments Limited.

Upon completion of the acquisition of the entire issued share capital of and shareholder's loan owed by United Petroleum & Natural Gas Investments Limited on 16 October 2007 (the "Acquisition"), the Group will engage in resources business. The Group will continue its existing businesses including oil business. In view of the continued rapid growth of the PRC economy, growth of oil demand in Asia, together with strong demand in other developed countries, the Directors believe that the increasing trend of oil price would be sustained. The pilot test and related operations under the EOR Contract have been in good progress so far. The Directors believe that it is in the Enlarged Group's interest and that of Shareholders to develop the oil business.

Going forward, the Group will continue to look for and capture investment or business opportunities that have good potential to improve the Group's profitability and to enhance the Shareholders' value.

Share Option Scheme

The Company has adopted a share option scheme on 11 May, 2006 (the "Share Option Scheme"). During this period, the Company has not granted any share option to any directors, chief executive and employees.

Arrangements to Purchase Shares or Debentures

At no time during this period was the Company, its subsidiary or holding company, a party to any arrangements to enable the directors of the Company to acquire benefits by means of acquisition of shares in, or debt securities (including debentures) of, the Company or any other body corporate.

EMPLOYEES

At as 30 September 2007, 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 included basis salaries, year end bonus, medical and contributory provident fund.

CONTINGENT LIABILITIES

The Group had no significant contingent liabilities during this period.

EXPOSURE TO FLUCTUATIONS IN EXCHANGE RATES AND RELATED HEDGES

The Group's transaction was mainly denominated in Hong Kong Dollars and Renminbi. As the exchange rate between the two currencies is relatively stable, the exposure to fluctuations in the exchange rate of the currencies is minimal. Accordingly, no hedge on the currencies was made during the period under review.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout for the ended 30 September 2007.

CORPORATE GOVERNANCE

The Company has applied the principles and complied with the code provisions as set out in the Code on Corporate Governance Practices (the “Code”) contained in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) during the period, 2007 except that:

1. The Code A.2.1 — the company does not have the post of chief executive officer; and
2. The Code A.4.1 — the independent non-executive Directors have not been appointed for any specific terms as they are subject to retirement by rotation at least once every three years in accordance with the Company’s Bye-laws.

As mention in the Corporate Governance Report (the “CG Report”) contained in the 2007 Annual Report that although the Company does not separate the duties between the chairman and chief executive officer, the executive function of the Company is performed by the executive directors and management of the Company. Thus, significant decision of the Company is made by the Board. The Board considers that such structure will not affect the balance of power and authority between the chairman and the executive directors.

Code provision A.4.1 of the Code provides that non-executive Directors should be appointed for a specific term, subject to re-election. As mention in the CG Report contained in the 2007 Annual Report that none of the non-executive Directors has entered into any service contracts with the Company or its subsidiaries. In view of the fact that the non-executive Directors are subject to retirement by rotation at least once every three years though they have no set term of office, the Board considers that the quality of good corporate governance will not be impaired.

COMPLIANCE WITH THE MODEL CODE OF THE LISTING RULES

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. Having made specific enquiry with the Directors, all the Directors confirmed that they have complied with the required standard as set out in the Model Code throughout this period.

The Company has also established written guidelines regarding securities transaction on no less exacting terms of the Model Code for senior management and specific individual who may have access to price sensitive information in relation to the securities of the Company.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the Group's unaudited condensed consolidated interim financial statements for the period ended 30 September 2007 and has also discussed the internal control, the accounting principles and practices adopted by the Group.

PUBLICATION OF RESULTS ON THE STOCK EXCHANGE WEBSITE

A detailed interim report containing all the information required by paragraph 46(1) to 46(9) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website in due course.

On behalf of the Board
Zhang Hongwei
Chairman

Hong Kong, 21 November 2007

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