

Chairman's Report

ORIENT RESOURCES GROUP COMPANY LIMITED

To Shareholders of the Company:-

On behalf of the board, I am pleased to present the annual results of Orient Resources Group Company Limited (the "Company") and its subsidiaries (together called the "Group") for the fiscal year ended 31st March, 2005.

BUSINESS AND PROSPECTS

The Group's turnover dropped slightly as compared to the last year. It is the mixed result of the complete close down of the food manufacture operation in the People's Republic of China (the "PRC") and the increase of rental income for the year.

Following the economic recovery in Hong Kong and the continued strong economic growth in the PRC, both the occupancy rate and rental improved moderately as compared with last year. The annual rental for the year has slightly increased by 8% to approximate HK\$3,884,000.

As it is widely expected the economic growth of the PRC will continue to outperform other market, the management has proposed to further explore business opportunity in the PRC that provides strong and stable asset base and reasonable return. Currently, the Company is negotiating with He Fu International Limited, the controlling shareholder of the Company to acquire its assets and inject into the Company. However, no agreement has been reached.

The Company believes that if the agreement is reached between both parties, the assets to be injected will largely widen the asset base of the Company and also provide long-term stable revenue to the Company.

FINANCIAL REVIEW

Liquidity and capital structure

As at 31st March, 2005, the Group's bank loans amounted to approximately HK\$11.4 million of which approximately HK\$1.1 million are due within one year. Interest on bank loans is charged at variable commercial rates prevailing in Hong Kong and the loans are denominated in Hong Kong dollars and accordingly, changes in foreign exchange rate would not affect the Group's capital liquidity structure.

Gearing Ratio

As at 31st March, 2005, the Directors consider that it is not meaningful to publish a gearing ratio for the Group until such time as the Group is in a positive shareholders' equity position.

As at 31st March, 2004, the gearing ratio is 65%. In fact, the current portion of debts were conclusively covered by the bank balances and deposits. Computation was based on total borrowings divided by shareholders' funds last year.

Charge on Group Assets

As at 31st March, 2005, the carrying amount of investment properties of the Group pledged to financial institution to secure credit facilities granted to the Group was approximately HK\$18.5 million. The Group have also executed a deed of assignment over the rental proceeds, deposits and license fees from tenants arising from the lease of investment properties held by the Group to secure credit facilities granted to the Group.

Debtors Aging Analysis

Over 90% of the Group's trade receivables at 31st March, 2005 was aged within 90 days. The collection procedures by the Group ensure sufficient cash inflow to meet the needs of days operations.

Exchange Rate Exposure

The assets, liabilities and transactions of the Group are denominated mainly in Hong Kong dollars and Renminbi, risk on exchange rate fluctuation would not expect to be material.

AUDIT COMMITTEE

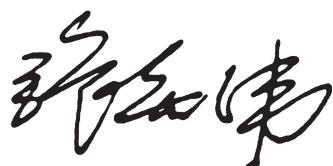
The Audit Committee has reviewed the audited consolidated financial statements for the year ended 31st March, 2005 and discussed with management the accounting principles and practices adopted by the Group as well as internal control and financial reporting matters.

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APPRECIATION

On behalf of the Board of Directors, I would like to express our sincere appreciation to all shareholders, business partners as well as the Group's workforce for their continuous support. I also wish to express our determination to make every endeavour to return to profitability and achieve aspiring results.



Zhang Hongwei

Chairman

29th June, 2005