

Corporate Governance Report

The Directors of Orient Resources Group Company Limited (the “Company”) is committed to upholding high standards of corporate governance, and has adopted corporate governance practices in conformity with the Code on Corporate Governance Practices (the “Code”) and has complied with the Listing Rules of The Exchange of Hong Kong Limited (the “Exchange”).

Save as disclosed in this report, the Company has complied with the code provisions of Appendix 14 of the Listing Rule throughout the year ended 31st March, 2006.

Directors’ Securities Transactions

The Group has adopted the code of conduct with respect to the dealings in securities of the Company by the directors as set out in Appendix 10 of the Listing Rules. Confirmation has been received from all directors on compliance of the required standard during the year ended 31st March, 2006.

Board of Directors

As at the date of this report, the Board comprises seven directors, of whom four are executive directors, namely Messrs Zhang Hongwei, Guan Guoliang, Zhu Jun and Zhang Meiyong, and three are independent non-executive directors (“INED”), namely, Messrs Chau Siu Wai, San Fung and Zhu Chengwu.

There are eleven meetings being held during the financial year ended 31st March 2006 and attendance of individual directors are as follows:

Board Meetings	
Zhang Hongwei	10/11
Guan Guoliang	8/11
Wong Wing Ming (resigned on 30th June, 2006)	4/6
Zhu Jun (appointed on 20th October, 2005)	4/7
Chan Ka Si (resigned on 28th October, 2005)	0/5
Chau Siu Wai	6/11
San Fung	7/11
Zhu Chengwu (appointed on 5th December, 2005)	1/3

The Board reviews and approves the Group’s overall business strategies, key operational proposals, financial control procedures, material acquisition and disposal of investments, major funding decisions, financial announcements, annual reports, share issuance/repurchase, nomination of directors, appointment of key management personnel, related party transactions, remuneration to directors and key management and other significant transactions.

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Board of Directors *(Continue)*

With the appointment of Mr. Zhu Chengwu as an independent non-executive director and member of the audit committee on 5th December, 2005, the Company has complied with Rule 3.10(1) and (2) of the Listing Rules.

The Chairman ensures that board meetings are being held whenever necessary. Though the Chairman is responsible to set the board meeting agenda, all board members are encouraged to participate to include matters in the agenda. The Board conducts meetings on a regular basis and extra meetings are convened when circumstances require. The Bye-Laws of the Company allow a board meeting to be conducted by way of a tele-conference.

Save as the family relationship between Mr. Zhang Hongwei, chairman of the Board, and Ms. Zhang Meiyong, executive director and daughter of the chairman, there are no relationships among members of the board. Except for the above, the Board considers that all directors are free from any relationship that interfere the exercise of individual independent judgment.

Chairman and Chief Executive Officer

The Company does not have the post of 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.

Non-Executive Directors

Though there is no term on the appointment of the independent non-executive directors, they are subject to retirement by rotation at least once every three years in accordance with the Company's Bye-laws. The Board therefore considers that the quality of good corporate governance will not be impaired.

Remuneration of Directors

During the financial year under review, the business scope of the Company is considered simple and no remuneration committee has been set up to review the remuneration matters of the Company as the function has been carried out by the Board. The Board assessed individual qualification, experience and performance and remunerated with reference to the prevailing market condition.

With effect from 17th July, 2006, a remuneration committee has been set up with written terms of reference to review the remuneration package, performance-based remuneration and termination compensation of directors and senior management of the Group. The remuneration committee comprises Mr. Zhu Chengwu (Chairman), Mr. Chau Siu Wai and Ms. Zhang Meiyong.

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Nomination of Directors

The function of nomination committee has been performed by the Board. To maintain high quality of the Board with a balance of skill and experience, the Board identifies individuals who fulfill criteria of the Company. When assessing the quality of the individual, the Board makes reference to his experience, qualification, integrity and other relevant factors. During the financial year under review, the Board reviewed and approved the appointment of one executive director and one independent non-executive director. Confirmation on independence has been received from all of the INED pursuant to Rule 3.13 of the Listing Rules.

Auditors Remuneration

During the year, remuneration paid to the Company's auditors, Messrs Deloitte Touche Tohmatsu, is as follows:

Services rendered:	HK\$
— audit services	348,000
— non-audit service	Nil

Audit Committee

The Audit Committee has adopted its written terms of reference which specifies its authorities and duties.

The Audit Committee is comprised of three INEDs, namely Messrs Chau Siu Wai (Chairman), San Fung and Zhu Chengwu. Mr. Zhu has the appropriate professional qualification as defined in rule 3.10(2) of the Listing Rules.

There are two audit committee meetings being held during the year ended 31st March, 2006. The individual attendance of each member is as follows:

Chau Siu Wai	2/2
Chan Ka Si (resigned on 28th October, 2005)	1/1
San Fung	2/2
Zhu Chengwu (appointed on 5th December, 2005)	1/1

The members of AC have full access to and co-operation from the management and they have full discretion to invite any director or executive to attend the meeting. The Audit Committee has performed the following function during the year ended 31st March, 2006: reviewed the annual audit plan of external auditors, their audit reports and matters incidental thereto; discussed the internal control issues; examined the application of funds; reviewed the interested party transactions, in particular, acquisition of Grand Hope Group Limited; reviewed the periodic financial statements of the Company and made recommendation to the Board for approval and evaluated the performance and independence of the external auditors.