Notes to the Financial Statements

For the year ended 31 March 2006

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. Its registered office is at P O Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands, British West Indies. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "**HK Stock Exchange**") and Frankfurt Stock Exchange.

The Company's principal activity is investment holding, and the Group's principal activities consist of asset management; provision of investment advisory services; corporate finance and advisory services; and corporate investment.

2. ADOPTION OF NEW OR REVISED HONG KONG ACCOUNTING STANDARDS ("HKAS") AND HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS")

In 2005, the Group has early adopted a number of new or revised standards of HKFRS below, which are relevant to its operations:

HKAS 36 Impairment of Assets
HKAS 38 Intangible Assets
HKFRS 3 Business Combinations

The early adoption of HKFRS 3 resulted in an increase in retained earnings of approximately US$20.4 million as at 1 April 2004. This was a result of the derecognition of the negative goodwill balance by an associate as at that date.

Notes to the Financial Statements

For the year ended 31 March 2006

2. ADOPTION OF NEW OR REVISED HONG KONG ACCOUNTING STANDARDS ("HKAS") AND HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (Continued)

In 2006, the Group has adopted for the first time a number of new or revised standards of HKFRS below, which are relevant to its operations. These include the following new, revised and renamed standards:

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transitional and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 2	Share-based Payment

All the standards have been applied retrospectively except where specific transitional provisions require a different treatment and accordingly the 2005 financial statements and their presentation have been amended in accordance with HKAS 8. Due to the change in accounting policies, the 2005 comparatives contained in these financial statements differ from those published in the financial statements for the year ended 31 March 2005.

Notes to the Financial Statements

For the year ended 31 March 2006

2. ADOPTION OF NEW OR REVISED HONG KONG ACCOUNTING STANDARDS ("HKAS") AND HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (Continued)

Significant effects on current, prior or future periods arising from the first-time application of the standards listed above in respect of presentation, recognition and measurement of accounts are described in the following notes:

2.1 Adoption of HKAS 1

The application of HKAS 1 has resulted in a change in the presentation of the financial statements. Minority interests are now included as a separate line item within equity. Profit and loss attributable to minority interests and that attributable to equity holders of the Company is now presented as an allocation of the net result of the year. In addition, in previous years, the Group's share of tax attributable to associates was included as a component of the Group's taxation charge/credit in the consolidated income statement. Upon the adoption of HKAS 1, the Group's share of the post-acquisition results of associates is presented net of the Group's share of tax attributable to associates.

2.2 Adoption of HKFRS 2

Prior to the adoption of HKFRS 2 on 1 April 2005, the Group did not recognise the financial effect of share options until they were exercised.

The principal impact of HKFRS 2 on the Group is in relation to the expensing of the fair value of share options granted to directors and employees of the Company and/or its subsidiaries, determined at the date of grant of the share options, over the vesting period with a corresponding credit to equity, unless the transaction is a cash settled share-based payment.

According to the transitional provisions of HKFRS 2, the Group applied HKFRS 2 retrospectively to share options that were granted after 7 November 2002 and had not been vested on 1 January 2005. As the adoption of HKFRS 2 has no material effect to the financial statements for the prior years, no adjustment to prior periods has been made.

2.3 Adoption of HKAS 32 and HKAS 39

HKAS 32 requires all disclosure and presentation rules regarding financial instruments to be applied retrospectively. HKAS 39 generally does not permit the recognition, derecognition or measurement of financial assets and liabilities on a retrospective basis.

Prior to the adoption of HKAS 39, the Group has recorded its club debenture at cost less any provision for impairment losses. Other investments classified under investment securities are recorded at fair values. Any changes in fair value are recognised in the income statement as they arise.

On the adoption of HKAS 39, the Group classified its investments to financial assets at fair value through profit and loss. It also requires the recognition of derivative financial instruments at fair value.

Notes to the Financial Statements

For the year ended 31 March 2006

2. ADOPTION OF NEW OR REVISED HONG KONG ACCOUNTING STANDARDS ("HKAS") AND HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (Continued)

2.4 Other standards adopted

The adoption of other new or revised standards did not result in significant changes to the Group's accounting policies. The specific transitional provisions contained in some of these standards were considered. The adoption of these other standards did not result in any changes to the amounts or disclosures in these financial statements.

2.5 The effect of changes in the accounting policies on the consolidated income statement is summarised below:

	Effect of adopting		
	HKAS 1#	HKFRS 2*	Total
	US$'000	US$'000	US$'000
Year ended 31 March 2006			
Increase in employee benefit expenses	—	(216)	(216)
Decrease in share of profits of associates	(1,229)	—	(1,229)
Decrease in taxation	1,229	—	1,229
Decrease in profit for the year	—	(216)	(216)
	US cent	US cent	US cent
Decrease in basic earnings per share	—	0.02	0.02

	Effect of adopting		
	HKAS 1#	HKFRS 2*	Total
	US$'000	US$'000	US$'000
Year ended 31 March 2005			
Increase in share of losses of associates	(6,825)	—	(6,825)
Decrease in taxation	6,825	—	6,825
Decrease in loss for the year	—	—	—
	US cent	US cent	US cent
Decrease in basic loss per share	—	—	—

adjustments which take effect retrospectively

* adjustments which take effect prospectively from 1 January 2005

Notes to the Financial Statements

For the year ended 31 March 2006

2. ADOPTION OF NEW OR REVISED HONG KONG ACCOUNTING STANDARDS ("HKAS") AND HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (Continued)

2.6 The effect of changes in the accounting policies on the change in reserves is summarised below:

	Effect of adopting HKFRS 2* US$'000
At 31 March 2005	—
At 31 March 2006	
Increase in employee share-based payment reserve	216
Increase in charge to current year's income statement	(216)
Change in reserves	—

The early adoption of HKFRS 3 resulted in an increase in opening retained earnings of approximately US$20,418,000 at 1 April 2004.

There was no effect of changes in the accounting policies on the consolidated balance sheet for the year ended 31 March 2005.

* adjustments which take effect prospectively from 1 January 2005

Notes to the Financial Statements

For the year ended 31 March 2006

2. ADOPTION OF NEW OR REVISED HONG KONG ACCOUNTING STANDARDS ("HKAS") AND HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRS") (Continued)

2.7 New standards that have been issued but are not yet effective

The Group has not early adopted the following standards that have been issued but are not yet effective. The Group is still in the process of reviewing the financial impact on adoption of HKAS 39 (Amendment) "The Fair Value Option" which requires re-consideration of classification of the financial assets within the scope of HKAS 39 "Financial Instruments: Recognition and Measurement" to be measured at fair value. The Group has not reached a conclusion regarding the classification of its financial assets and therefore is not able to reasonably estimate and disclose the impact on the financial statements. Except for this, the Directors of the Company anticipate that the following standards will have no material impact on the financial statements of the Group:

HKAS 1 (Amendment)	Capital Disclosures [1]
HKAS 19 (Amendment)	Employee Benefits - Actuarial Gains and Losses, Group Plans and Disclosures [2]
HKAS 21 (Amendment)	The Effects of Changes in Foreign Exchange Rates – Net Investment in a Foreign Operation [2]
HKAS 39 and HKFRS 4 (Amendments)	Financial Guarantee Contracts [2]
HKFRS 7	Financial Instruments – Disclosures [1]

[1] Effective for annual periods beginning on or after 1 January 2007

[2] Effective for annual periods beginning on or after 1 January 2006

Notes to the Financial Statements

For the year ended 31 March 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of preparation

The financial statements have been prepared in accordance with HKFRS as issued by the Hong Kong Institute of Certified Public Accountants. The financial statements include the applicable disclosure requirements of The Rules Governing the Listing of Securities (the "**HK Listing Rules**") on the HK Stock Exchange and Hong Kong Companies Ordinance.

The significant accounting policies that have been used in the preparation of these financial statements are summarised below.

The financial statements have been prepared on the historical cost basis except for the revaluation of certain financial assets. The measurement bases are fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the financial statements. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3.2 Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to 31 March each year.

3.3 Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Notes to the Financial Statements

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 Subsidiaries (Continued)

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interest represents the interests of outside members in the operating results and net assets of subsidiaries.

In the Company's balance sheet the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiaries are accounted by the Company on the basis of dividend received and receivable.

3.4 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for by the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Notes to the Financial Statements

For the year ended 31 March 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Associates (Continued)

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

In the Company's balance sheet the investments in associates are stated at cost less provision for impairment losses. The results of associates are accounted for by the Company on the basis of dividend received and receivable.

3.5 Segment reporting

In accordance with the Group's internal financial reporting, the Group has determined that business segments be presented as the primary reporting format and geographical segments as the secondary reporting format.

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

Capital expenditure comprises additions of property, plant and equipment, including additions resulting from acquisition through purchases of subsidiary.

3.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in US dollars, which is the Company's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Foreign currency translation (Continued)

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Translation differences on non-monetary items, such as equity instruments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation difference on non-monetary items, such as equities classified as available-for-sale financial assets, are included in the fair value reserve in equity.

(c) *Group companies*

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates

(unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity.

When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Notes to the Financial Statements

For the year ended 31 March 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 Property, plant and equipment

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Property, plant and equipment comprising furniture and fixtures, computer and other equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is calculated on the straight-line basis to write off the cost of each asset less accumulated impairment losses over its estimated useful life. The estimated useful lives used for this purpose are as follows:

Furniture and fixtures	5 years
Computer equipment	3 years
Other equipment	4 years

The gain or loss on disposal or retirement of property, plant and equipment recognised in the income statement is the difference between the sales proceeds and the carrying amount of the relevant assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

3.8 Intangible asset – Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Notes to the Financial Statements

For the year ended 31 March 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 Impairment of assets

Goodwill, property, plant and equipment and interests in subsidiaries and associates are subject to impairment testing.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("**cash-generating units**"). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Goodwill in particular is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management controls the related cash flows.

Individual assets or cash-generating units that include goodwill and other intangible assets with an indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under that standard. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated, are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the Financial Statements

For the year ended 31 March 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Investments

From 1 April 2004 to 31 March 2005:

Investments were classified as investment securities and other investments.

(i) Investment securities were stated in the balance sheet at cost less any provision for impairment loss.

The carrying amounts of investment securities were reviewed as at each balance sheet date in order to assess whether the fair values declined below the carrying amounts. When a decline occurred, the carrying amount was reduced to the fair value unless there was evidence that the decline was temporary. The impairment loss was recognised as an expense in the income statement.

This impairment loss was written back to the income statement when the circumstances and events that led to the write-downs or write-offs ceased to exist and there was persuasive evidence that the new circumstances and events persisted for the foreseeable future.

(ii) Other investments were stated in the balance sheet at fair value. At each balance sheet date, the net unrealised gains or losses arising from changes in fair value were recognised within turnover in the income statement. Fair value for listed securities was the quoted market price at the balance sheet date. Fair value for unlisted equity securities was directors' valuation, which may be based on net asset value of investments.

For unlisted open-ended investment companies, mutual funds and unit trusts, fair value was based on the latest reported net asset value of such investments at the balance sheet date as provided by the respective administrators.

Notes to the Financial Statements

For the year ended 31 March 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.10 Investments (Continued)

(iii) Profits or losses on disposal of other investments were accounted for within turnover in the income statement as they arise.

From 1 April 2005 onwards:

The Group classifies its investments in the following categories: (a) financial assets at fair value through profit and loss, and (b) loans and receivables. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluation this designation at every reporting date.

(a) Financial assets at fair value through profit and loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit and loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. Otherwise, they are classified as non-current assets.

(b) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.11 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is an objective that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

3.12 Cash and cash equivalent

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

3.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Any transaction costs associated with the issuing of shares are deducted from share premium (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

3.14 Borrowings

Borrowings are recognised initially at fair value, net of borrowing costs incurred. Borrowing costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of borrowing costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Convertible bonds

Convertible bonds issued by the Company that contain both financial liability and equity components are classified separately into respective liability and equity components on initial recognition. On initial recognition, the fair value of the liability portion of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Transaction costs that relate to the issue of a convertible bond are allocated to the liability and equity components in proportion to the allocation of proceeds.

The finance cost recognised in the income statement is calculated using the effective interest method.

3.16 Accounting for derivative financial instruments

From 1 April 2004 to 31 March 2005:

Derivative financial instruments were designated as "trading". The Group recorded derivative financial instruments at cost. The gains and losses on derivative financial instruments were included in the income statement. The Group recorded the marked-to-market gain/loss of the derivative financial instruments in the "prepayment, deposits and other receivables" on the balance sheet.

From 1 April 2005 onwards:

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The Group records the marked-to-market gain/loss as derivative financial instruments on the balance sheet.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 Taxation

Income tax comprises current tax and deferred tax.

Current tax is the expected tax payable on the taxable income for the year using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Taxation of the Group is determined in accordance with the relevant tax rules and regulations applicable in the jurisdictions where the group companies operate.

Deferred tax is calculated using the liability method on temporary differences at the balance sheet date between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised in the income statement, or in equity if they relate to items that are charged or credited directly to equity.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Employee benefits

(i) Bonus plans

The expected cost of bonus payments is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

(ii) Pension obligations

The Group operates a defined contribution plan, the assets of which are held in a separate trustee-administered funds. The pension plans are funded by payments from employees and by the relevant Group companies.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred and may be reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions depending on the nature of the plans under the scheme.

(iii) Share-based payment

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimates of the number of options that are expected to become exercisable. It recognises the impact of the revision of original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Notes to the Financial Statements

For the year ended 31 March 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 Employee benefits (Continued)

(iv) Defined contribution scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basis salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

3.19 Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

3.20 Operating lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the income statement on a straight-line basis over the period of the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 Related parties

A party is considered to be related to the Group if:

(a) directly, or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is under common control with, the Company/Group; (ii) has an interest in the Company that gives it significant influence over the Company/Group; or (iii) has joint control over the Company/Group;

(b) the party is an associate of the Company/Group;

(c) the party is a member of the key management personnel of the Company or its parent;

(d) the party is a close member of the family of any individual referred to in (a) or (c);

(e) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (c) or (d); or

(f) the party is a post-employment benefit plan for the benefit of employees of the Company/Group, or of any entity that is a related party of the Company/Group.

3.22 Revenue recognition

Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

(i) investment management, advisory and administration fees; and other corporate finance and advisory fees and commissions contractually receivable by the Group are recognised in the period in which the respective fees are earned. Performance fees arising upon the achievement of specified targets are recognised at the respective funds' year-ends only when such performance fees are confirmed as receivable;

(ii) interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised either as cash is collected or on a cost–recovery basis as conditions warrant; and

(iii) dividend income is recognised when the right to receive payment is established.

Notes to the Financial Statements

For the year ended 31 March 2006

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.23 Revenue

Revenue principally includes:

(i) investment management and performance fees from asset management business;

(ii) corporate finance and advisory fees and commission income from corporate advisory services; and

(iii) dividend income and bank interest income

4. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 3.8. The recoverable amount of cash-generating unit has been determined based on value-in-use calculations. These calculations require the use of estimates of the future cash flows expected to arise from the cash-generating units and the suitable discount rates in order to calculate the present value.

5. SEGMENTED INFORMATION

Primary Reporting Format – Business Segments

The Group comprises three business segments as follows:

Asset management	:	management of assets entrusted by the shareholders of various mutual funds, including private equity and Dublin-listed funds
Corporate finance	:	provision of investment advisory services to associates and third parties
Corporate investment	:	investment in corporate entities, both listed and unlisted

Inter-segment revenues arising from inter-segment transactions are conducted at competitive market prices charged to external customers. Those revenues are eliminated on consolidation.

Notes to the Financial Statements

For the year ended 31 March 2006

5. SEGMENTED INFORMATION (Continued)

Primary Reporting Format – Business Segments (Continued)

For the year ended 31 March 2006

	Asset management US$'000	Corporate finance US$'000	Corporate Investment US$'000	Inter-segment elimination US$'000	Others US$'000	Total US$'000
Revenue from external customers	649	—	276	—	—	925
Inter-segment revenue	1	—	(1)	—	—	—
	650	—	275	—	—	925
Segment results	(4,428)	1,056	(1,487)	—	—	(4,859)
Unallocated operating expenses						—
Finance costs						(8)
Operating loss						(4,867)
Share of profits of associates						
– continuing						60
– discontinuing						12,941
Taxation						—
Profit for the year						8,134

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Others US$'000	Total US$'000
Segment assets	747	15	6,455	27,097	34,314
Interests in associates	—	—	—	1,587	1,587
Total assets	747	15	6,455	28,684	35,901
Segment liabilities	527	702	48	21,018	22,295

Notes to the Financial Statements

For the year ended 31 March 2006

5. SEGMENTED INFORMATION (Continued)

Primary Reporting Format – Business Segments (Continued)

For the year ended 31 March 2006 (Continued)

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Others US$'000	Total US$'000
Depreciation	18	—	—	—	18
Other non cash expense	—	—	—	216	216
Capital expenditure	5	—	—	—	5

For the year ended 31 March 2005

	Asset Management (restated) US$'000	Corporate finance US$'000	Corporate Investment (restated) US$'000	Internet retailing US$'000	Inter-segment elimination US$'000	Others US$'000	Total (restated) US$'000
Revenue from external customers	774	2	70	—	—	—	846
Inter-segment revenue	1	—	3	—	(4)	—	—
	775	2	73	—	(4)	—	846
Segment results	(999)	(58)	1,223	(8)	—	—	158
Unallocated operating expenses							—
Operating profit							158
Share of profits/(losses) of associates							
– continuing							571
– discontinuing							(42,614)
Taxation							(7)
Loss for the year							(41,892)

Notes to the Financial Statements

For the year ended 31 March 2006

5. SEGMENTED INFORMATION (Continued)

Primary Reporting Format – Business Segments (Continued)

For the year ended 31 March 2005 (Continued)

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Others US$'000	Total US$'000
Segment assets	558	53	7,178	5	1,413	9,207
Interests in associates	—	—	—	—	43,023	43,023
Total assets	558	53	7,178	5	44,436	52,230
Segment liabilities	85	27	34	6	243	395

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Internet retailing US$'000	Others US$'000	Total US$'000
Depreciation	18	—	—	—	—	18
Capital expenditure	52	—	—	—	—	52

Secondary Reporting Format – Geographical Segments

The Group's business is managed on a world-wide basis. Asia Pacific is a major market for its asset management business, North America is a major market for its corporate investments and Western Europe is a major market for its internet retailing business.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, investing funds or corporate investments.

There are no sales between the geographical segments.

5. SEGMENTED INFORMATION (Continued)

Secondary Reporting Format – Geographical Segments (Continued)

For the year ended 31 March 2006

	North America US$'000	Asia Pacific US$'000	Western Europe US$'000	Others US$'000	Total US$'000
Revenue from external customers	2	598	234	91	925
Segment assets	3,974	30,281	59	—	34,314
Capital expenditure	—	5	—	—	5

For the year ended 31 March 2005

	North America (restated) US$'000	Asia Pacific (restated) US$'000	Western Europe (restated) US$'000	Others (restated) US$'000	Total (restated) US$'000
Revenue from external customers	49	721	86	(10)	846
Segment assets	2,007	7,015	185	—	9,207
Capital expenditure	—	52	—	—	52

Notes to the Financial Statements

For the year ended 31 March 2006

6. OPERATING (LOSS)/PROFIT

	2006 US$'000	2005 US$'000
After charging:		
Auditors' remuneration	187	158
Bad debts written off	500	38
Depreciation of owned property, plant and equipment	18	18
Loss on disposal of property, plant and equipment	—	10
Operating lease charges on property	102	117
After crediting:		
Interest income on bank deposits*	207	6
Dividend income from other investments*	—	28
Dividend income from financial assets at fair value through profit and loss*	68	—

* Included in revenue

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2006 US$'000	2005 (Restated) US$'000
Wages and salaries	1,267	988
Special bonus	710	972
Discretionary bonuses	2,873	—
Pension costs – defined contribution plans (note 29)	14	15
Share options granted to directors and employees	216	—
	5,080	1,975

Notes to the Financial Statements

For the year ended 31 March 2006

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

a) Directors' and senior management's emoluments

The remuneration of every Director for the year ended 31 March 2006 is set out below:

Name of director	Fees US$'000	Salaries US$'000	Special Bonus* US$'000	Discretionary bonuses US$'000	Share option US$'000	Contribution to defined contribution plans US$'000	Total US$'000
Executive Directors							
Jamie Gibson	—	320	710	1,400	115	—	2,545
Clara Cheung	—	143	—	225	37	2	407
Non-Executive Directors							
James Mellon	20	50	—	934	—	—	1,004
Jayne Sutcliffe	20	—	—	—	—	—	20
Anderson Whamond	29	—	—	—	—	—	29
Anthony Baillieu	14	—	—	—	—	—	14
Independent Non-Executive Directors							
David Comba	9	—	—	—	—	—	9
Julie Oates	20	—	—	—	—	—	20
Patrick Reid	9	—	—	—	—	—	9
Mark Searle	20	—	—	—	—	—	20
Robert Whiting	11	—	—	—	—	—	11
Total	152	513	710	2,559	152	2	4,088

* Special bonus in respect of the BIH distribution.

Notes to the Financial Statements

For the year ended 31 March 2006

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

a) Directors' and senior management's emoluments (Continued)

The remuneration of every Director for the year ended 31 March 2005 is set out below:

Name of director	Fees US$'000	Salaries US$'000	Special Bonus* US$'000	Discretionary bonuses US$'000	Share option US$'000	Contribution to defined contribution plans US$'000	Total US$'000
Executive Directors							
Jamie Gibson	—	320	972	360	—	1	1,653
Clara Cheung	—	114	—	32	—	2	148
Non-Executive Directors							
James Mellon	20	50	—	178	—	—	248
Jayne Sutcliffe	20	—	—	10	—	—	30
Anderson Whamond	20	—	—	10	—	—	30
Anthony Baillieu	38	—	—	—	—	—	38
Independent Non-Executive Directors							
Julie Oates	10	—	—	—	—	—	10
Mark Searle	20	—	—	—	—	—	20
Robert Whiting	20	—	—	—	—	—	20
Total	148	484	972	590	—	3	2,197

* Special bonus in respect of the BIH distribution.

No Directors waived or agreed to waive any emoluments in respect of the years ended 31 March 2005 and 31 March 2006.

The discretionary bonuses paid during the year ended 31 March 2005 were made for services in prior years.

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (Continued)

b) Five highest paid individuals

Of the five highest paid individuals, three (2005: three) were Directors of the Company and their remuneration has been included in the Directors' remuneration. Details of the remuneration of the remaining highest paid individuals are as follows:

	2006 US$'000	2005 US$'000
Basic salaries and other emoluments	145	149
Retirement scheme contributions	3	3
Discretionary bonuses	135	—
	283	152

The above remuneration of the employees fell within the following bands:

		Number of employees	
		2006	2005
HK$Nil-HK$500,000	(US$Nil-US$64,441)	—	1
HK$500,001-HK$1,000,000	(US$64,442-US$128,883)	2	1
		2	2

No emolument was paid by the Group to the Directors or any of the five highest paid individual as an inducement to join or upon joining the Group or as compensation for loss of office (2005: Nil).

c) Compensation of key management personnel

Included in staff costs is compensation paid to key management personnel and comprises the following categories:

	2006 US$'000	2005 US$'000
Short term employee benefits	2,798	1,798
Post-employment benefits	2	3
Share-based payment	152	—
	2,952	1,801

Notes to the Financial Statements

For the year ended 31 March 2006

8. FINANCE COSTS

	2006 US$'000	2005 US$'000
Interest on convertible bonds (note 24)	8	—

9. TAXATION

	2006 US$'000	2005 (restated) US$'000
Group:		
Overseas taxation		
- Under-provisions in prior years	—	7

No provision for Hong Kong or overseas profits tax has been made in these financial statements as all the Group companies which are subject to such tax have sustained losses for taxation purposes for the year.

The taxation on the Group's (loss)/profit before share of profits/(losses) of associates and taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	2006 US$'000	2005 US$'000
(Loss)/Profit before share of profits/(losses) of associates and taxation	(5,418)	158
Calculated at a taxation rate of 17.5% (2005: 17.5%)	(948)	28
Income not subject to taxation	(493)	(492)
Expenses not deductible for taxation purposes	1,309	387
Tax effect of tax losses not recognised	132	77
Underprovision in prior year	—	7
Taxation charge	—	7

Deferred income tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of US$4,864,000 (2005: US$4,108,000) to carry forward against future taxable income. The tax loss has no expiry date.

Notes to the Financial Statements

For the year ended 31 March 2006

10. NET (LOSS)/PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

The net loss attributable to the equity holders of the Company dealt with in the financial statements of the Company amounted to US$8,208,000 (2005: net profit of US$5,283,000).

11. DIVIDEND

	2006 US$'000	2005 US$'000
Special interim of 22 HK cents (2005: Nil) per share	33,872	—

12. EARNINGS/(LOSS) PER SHARE

a. The calculation of basic earnings/(loss) per share is based on the net profit attributable to shareholders for the year of US$8,129,000 (2005: net loss of US$42,330,000) and on the weighted average of 1,228,450,815 (2005: 1,192,558,921) shares of the Company in issue during the year.

b. The diluted earnings per share for the year ended 31 March 2006 is based on the net profit attributable to shareholders for the year of US$8,137,000 and on 1,230,116,192 shares, which was the sum of the weighted average number of shares in issue during the year of 1,228,450,815 shares plus the weighted average number of 1,665,377, of which 1,634,700 shares deemed to be converted at consideration of HK$0.2615 per share if all the Company's outstanding convertible bonds have been converted and 30,677 shares deemed to be issued at HK$0.266 as if all the Company's share options have been exercised. No diluted loss per share was presented for the year ended 31 March 2005 as the outstanding share options were anti-dilutive.

Notes to the Financial Statements

For the year ended 31 March 2006

13. INTANGIBLE ASSET

Group :

	Goodwill US$'000
Year ended 31 March 2006	
Carrying value at 1 April 2005	—
Acquisition of a subsidiary (note 28b)	1,876
Net carrying amount at 31 March 2006	1,876
At 31 March 2006	
Gross carrying amount	1,876
Accumulated impairment	—
Net carrying amount	1,876

The goodwill as at 31 March 2006 arose from the acquisition of a subsidiary, Regent Metals Holdings Limited ("**RMHL**") during the year. The carrying amount of goodwill is allocated to the Dapingzhang JV cash generating unit ("**CGU**").

The recoverable amount for the CGU is determined based on value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to commodity prices during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGU. The growth rates are based on copper production growth forecasts. Changes in the commodity prices are based on expectations of the future changes in the market.

The value-in-use calculations covered a period of 16 years based on the mine's estimated mine life and followed by an extrapolation of expected cash flows at an estimated growth rate of 5.73%. The rate used to discount the forecast cash flows from the CGU is 16.15%.

Notes to the Financial Statements

For the year ended 31 March 2006

14. PROPERTY, PLANT AND EQUIPMENT

Group:

	Furniture and fixtures US$'000	Computer and other equipment US$'000	Total US$'000
At 1 April 2004			
Cost	137	391	528
Accumulated depreciation	(125)	(378)	(503)
Net book amount	12	13	25
Year ended 31 March 2005			
Opening net book amount	12	13	25
Exchange differences	1	—	1
Additions	33	19	52
Disposals	(27)	(71)	(98)
Depreciation charge for the year	(8)	(10)	(18)
Depreciation written back on disposal	17	70	87
Closing net book amount	28	21	49
At 31 March 2005			
Cost	144	339	483
Accumulated depreciation	(116)	(318)	(434)
Net book amount	28	21	49
Year ended 31 March 2006			
Opening net book amount	28	21	49
Exchange differences	—	(1)	(1)
Additions	—	5	5
Disposal of a subsidiary	—	(24)	(24)
Depreciation charge for the year	(7)	(11)	(18)
Depreciation written back on disposal of a subsidiary	—	23	23
Closing net book amount	21	13	34
At 31 March 2006			
Cost	144	320	464
Accumulated depreciation	(123)	(307)	(430)
Net book amount	21	13	34

The Company has no property, plant and equipment.

Notes to the Financial Statements

For the year ended 31 March 2006

15. INTERESTS IN SUBSIDIARIES

Company:

	2006 US$'000	2005 US$'000
Investments - unlisted shares, at cost	63,715	61,830
Less: Provision for impairment	(60,007)	(59,326)
	3,708	2,504

Particulars of the principal subsidiaries as at 31 March 2006 are as follows:

Name	Country/ Place of incorporation/ operation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Alphorn Management Limited*	Cayman Islands	Ordinary share of US$1	—	100%	Investment holding
AstroEast.com Limited*	Cayman Islands	Ordinary shares of US$280,222	—	51%	Investment holding
Interman Holdings Limited*	British Virgin Islands	Ordinary shares of US$41,500	100%	—	Investment holding
Interman Limited	Isle of Man	Ordinary shares of GBP436,152	—	100%	Investment holding
Regent Corporate Finance Limited*	Cayman Islands	Ordinary shares of US$2	100%	—	Corporate finance
Regent Financial Services Limited	Hong Kong	Ordinary shares of HK$5 million	—	100%	Marketing of unit trusts, investment holding and advisory services
Regent Fund Management (Asia) Limited ("**RFM (Asia)**")*	Cayman Islands	Ordinary shares of US$100	100%	—	Asset management

Notes to the Financial Statements

For the year ended 31 March 2006

15. INTERESTS IN SUBSIDIARIES (Continued)

Company: (Continued)

Name	Country/ Place of incorporation/ operation	Issued and fully paid share capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Regent Fund Management Limited*	Cayman Islands	Ordinary shares of US$150,000	—	100%	Asset management
Regent Metals Holdings Limited*	British Virgin Islands	Ordinary shares of US$10,000	100%	—	Investment holding
Regent Metals (Jersey) Limited ("**RMJ**")*	Jersey	Ordinary shares of US$0.02	—	100%	Investment holding
Regent Metals Limited ("**RML**")*	Barbados	Ordinary share of US$1	—	100%	Investment holding
Regent Pacific Group (Hong Kong) Limited	Hong Kong	Ordinary shares of HK$5 million	100%	—	Provision of management services
RPG (Bahamas) Limited*	Bahamas	Ordinary shares of US$134,220	100%	—	Investment holding

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the assets and liabilities of the Group.

* The financial statements of these subsidiaries for the year ended 31 March 2006 were not audited by Grant Thornton.

Notes to the Financial Statements

For the year ended 31 March 2006

16. INTERESTS IN ASSOCIATES

	Group		Company	
	2006	2005 (restated)	2006	2005
	US$'000	US$'000	US$'000	US$'000
Investments - unlisted shares, at cost	—	—	918	92,061
Less: Provision for impairment	—	—	—	(50,565)
	—	—	918	41,496
Share of net assets:				
- Unlisted - continuing	1,587	1,527	—	—
- discontinuing	—	41,496	—	—
	1,587	43,023	918	41,496

Share of associates' taxation for the year ended 31 March 2006 of US$1,229,000 (2005: US$6,825,000) is included in the income statement as share of profits/(losses) of associates.

Particulars of the principal associate as at 31 March 2006 are as follows:

Name	Place of incorporation	Issued and fully paid share capital	Percentage of equity interest attributable to the Group		Principal activities
			Direct	Indirect	
Regent Markets Holdings Limited*	British Virgin Islands	Ordinary shares of US$20,000	49.9%	—	Online betting

The above table lists the associate of the Company which, in the opinion of the Directors, principally affected the results of the year or formed a substantial portion of the assets of the Group.

* The financial statements of this associate for the year ended 31 March 2006 were not audited by Grant Thornton.

Notes to the Financial Statements

For the year ended 31 March 2006

16. INTERESTS IN ASSOCIATES (Continued)

The aggregate amounts of the assets and liabilities of the associates as at 31 March 2006 and their revenue and profits for the year ended 31 March 2006 are extracted from the financial statements of the associates and are presented as follows:

	2006 US$'000	2005 US$'000
Assets	9,529	257,621
Liabilities	6,311	102,748
Revenue	152,611	134,665
Profit/(loss)	33,860	(104,962)

One of the Group's associates, Bridge Investment Holding Limited ("**BIH**") was put into voluntary liquidation subsequent to the year ended 31 March 2006. As at 31 March 2006, BIH was involved in litigation with one of its shareholders seeking confirmation of that shareholder's entitlement to a sum of approximately KRW 1.6 billion (approximately US$1.5 million) that was paid into court by the Korea Securities Depository. The BIH Directors have sought legal advice and are of the view that the outcome will be favourable and no provision was made in BIH.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	2006	
	Group US$'000	Company US$'000
At 1 April 2005	—	—
Reclassified from current and non current investment in securities	6,612	2,273
Additions	1,734	654
Disposal	(3,414)	(1,931)
Changes in fair value	955	105
At 31 March 2006	5,887	1,101

Financial assets at fair value through profit and loss included the following:

	2006	
	Group US$'000	Company US$'000
Listed securities		
equity security - overseas	3,408	869
Unlisted securities		
club debenture	19	19
equity securities*	2,460	213
	5,887	1,101

All the above investments were designated as financial assets at fair value through profit and loss at inception.

* Included in the Group's unlisted equity securities was a close-ended fund amounting to US$1.6 million managed by RFM (Asia), a wholly-owned subsidiary of the Company.

Notes to the Financial Statements

For the year ended 31 March 2006

18. INVESTMENTS IN SECURITIES

Non-current investments:

	2005	
	Group US$'000	Company US$'000
Investment securities, at cost:		
Club debentures	19	19
Other investments, at fair value:		
Listed equity securities		
- in Hong Kong	1,704	1,704
- outside Hong Kong	2,218	550
Unlisted equity securities*	2,550	—
	6,472	2,254
	6,491	2,273

Current investments:

	2005	
	Group US$'000	Company US$'000
Other investments, at fair value:		
Listed equity securities – outside Hong Kong	113	—
Unlisted equity securities	8	—
	121	—

* Included in the Group's unlisted equity securities was a close-ended fund amounting to US$2.4 million managed by RFM (Asia).

Notes to the Financial Statements

For the year ended 31 March 2006

19. CASH AND BANK BALANCES

Cash and bank balances of the Group and the Company can be analysed as follows:

	Group		Company	
	2006	2005	2006	2005
	US$'000	US$'000	US$'000	US$'000
Cash and balances with banks	326	377	70	49
Money at call and short notice	21,741	686	21,586	571
	22,067	1,063	21,656	620

The Group's subsidiary maintains trust accounts with banks as part of its normal business transactions. At 31 March 2006, included in the Group's cash at banks were trust accounts of US$28,000 (2005: US$28,000).

Included in the bank balances was an amount of US$17 million being restricted for the use of investment in a jointly controlled entity made after the year end.

20. RECEIVABLES

a. Trade receivables

At 31 March 2006 and 2005, the ageing analysis of the trade receivables was as follows:

	Group		Company	
	2006	2005	2006	2005
	US$'000	US$'000	US$'000	US$'000
1 to 3 months old	174	123	—	—
More than 3 months old but less than 12 months old	1	23	—	—
	175	146	—	—

The Group applies credit policies appropriate to the particular business circumstances concerned but generally requires outstanding amounts to be paid within 30 days of invoice.

The fair value of the trade receivables was the same as illustrated above.

20. RECEIVABLES (Continued)

b. Prepayments, deposits and other receivables

	Group		Company	
	2006	2005	2006	2005
	US$'000	US$'000	US$'000	US$'000
Prepayments, deposits and other receivables	4,275	902	44	368

The fair value of prepayments, deposits and other receivables were the same as illustrated above.

In February 2006, RML entered into a joint venture agreement with two unrelated third parties in connection with the establishment of Yunnan Simao Shanshui Copper Company Limited (the "**Dapingzhang JV**"), a Sino-foreign equity joint venture enterprise, to co-explore and co-develop the copper mine in Yunnan Province. As at 31 March 2006, US$3 million was paid to a temporary foreign exchange account of a third party according to the terms of the joint venture agreement, and recorded as deposit.

Capital commitment of the Group and the related post balance sheet event was disclosed in notes 31 and 36 respectively to the financial statements.

Notes to the Financial Statements

For the year ended 31 March 2006

21. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2006	2005	2006	2005
	US$'000	US$'000	US$'000	US$'000
Trade payables	142	89	—	—
Accruals and other payables	3,774	306	2,580	250
	3,916	395	2,580	250

At 31 March 2006 and 2005, the ageing analysis of the trade payables was as follows:

	Group		Company	
	2006	2005	2006	2005
	US$'000	US$'000	US$'000	US$'000
Due within 1 month or on demand	97	2	—	—
More than 6 months	45	87	—	—
	142	89	—	—

As at 31 March 2006, an amount of US$1,432,000 and US$487,300 included in accruals and other payables represented a provision for bonuses for the Group and the Company respectively. In addition, an amount of US$1,600,000 included in accruals and other payables represented accruals for transaction costs in relation to the issuance of convertible bonds.

Included in trade payables were those payables placed in trust accounts amounting to US$28,000 as at 31 March 2006 (2005: US$28,000).

22. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

The amounts due are unsecured, interest-free and repayable on demand.

23. BORROWING

	Group		Company	
	2006	2005	2006	2005
	US$'000	US$'000	US$'000	US$'000
Non-current				
Convertible bonds (note 24)	18,352	—	18,352	—

The effective interest rate for the convertible bonds at the balance sheet date was 16.15% per annum. The carrying amounts of the convertible bonds approximate their fair value. The fair value was calculated using a market interest rate for an equivalent non-convertible bond.

24. CONVERTIBLE BONDS

On 31 March 2006, the Company issued US$20 million 12% guaranteed convertible bonds to finance the Group's investment project in the People's Republic of China ("**PRC**").

The bonds mature three years from the issue date at their nominal value of US$20 million or can be converted into shares on and after 9 May 2006 to 23 March 2009 at the holder's option at a conversion price of HK$0.2615 per share, subject to adjustment upon the occurrence of certain events.

The fair value of the liability component and the equity conversion component were determined at issuance of the bonds.

The fair value of the liability component, included in long-term borrowing, was calculated using a market interest rate for an equivalent non-convertible bond and subsequently measured at amortisation cost. The residual amount, representing the value of the equity conversion component, was included in shareholders' equity (note 26).

Notes to the Financial Statements

For the year ended 31 March 2006

24. CONVERTIBLE BONDS (Continued)

The convertible bonds recognised in the balance sheet were calculated as follows:

	2006 US$'000	2005 US$'000
Face value of convertible bonds issued on 31 March 2006	20,000	—
Transaction costs	(1,600)	—
Net proceeds	18,400	—
Equity component	(56)	—
Liability component on initial recognition at 31 March 2006	18,344	—
Interest expense (note 8)	8	—
Liability component at 31 March 2006 (note 23)	18,352	—

Interest expense on the convertible bonds is calculated using the effective interest method by applying the effective interest rate of 16.15% per annum.

The convertible bonds are secured by a guarantee dated 31 March 2006 given by RML in favour of the security agent guaranteeing the due payment of all sums to be payable by the Company in respect of the convertible bonds (the "**Guarantee**"); a floating charge given by RML in favour of the security agent over all its assets and undertaking and a charge over a specified bank account into which all dividend payments and other distributions, including without limitation, proceeds of sale of assets made by the Dapingzhang JV, will be made but only up to the amount of outstanding principal and interest due on the convertible bonds; and a share charge on RML's equity which was owned by RMJ dated 31 March 2006 given by RMJ in favour of the security agent to secure RML's obligations under the Guarantee.

Notes to the Financial Statements

For the year ended 31 March 2006

25. SHARE CAPITAL

	Number of ordinary shares of US$0.01 each	US$'000	Number of unclassified shares*	US$'000	Total number of shares	Total US$'000
Authorised:						
At 1 April 2004 and 2005	2,000,000,000	20,000	550,000,000	5,500	2,550,000,000	25,500
Increase in authorised ordinary shares	3,000,000,000	30,000	—	—	3,000,000,000	30,000
At 31 March 2006	5,000,000,000	50,000	550,000,000	5,500	5,550,000,000	55,500

Issued and fully paid:	Number of ordinary shares of US$0.01 each	US$'000	Number of deferred shares of US$0.01 each	US$'000	Total number of shares	Total US$'000
At 1 April 2004	1,103,720,089	11,037	86,728,147	867	1,190,448,236	11,904
Employee share option scheme - proceeds from shares issued	3,180,000	32	—	—	3,180,000	32
At 31 March 2005 and 1 April 2005	1,106,900,089	11,069	86,728,147	867	1,193,628,236	11,936
Employee share option scheme - proceeds from shares issued	326,000	3	—	—	326,000	3
Scrip dividend	107,992,423	1,080	—	—	107,992,423	1,080
Issue of new shares	70,653,197	707	—	—	70,653,197	707
Conversion of deferred shares	86,728,147	867	(86,728,147)	(867)	—	—
At 31 March 2006	1,372,599,856	13,726	—	—	1,372,599,856	13,726

* Unclassified shares of US$0.01 each, which may be issued as ordinary shares or as non-voting convertible deferred shares of US$0.01 each.

25. SHARE CAPITAL (Continued)

At the Company's extraordinary general meeting held on 18 November 2005, the authorised share capital of the Company was increased from US$25,500,000 comprising 2,000,000,000 ordinary shares of US$0.01 each ("**Ordinary Share(s)**") and 550,000,000 unclassified shares of US$0.01 each which may be issued as Ordinary Shares or as non-voting convertible deferred shares of US$0.01 each ("**Deferred Share(s)**") to US$55,500,000 comprising 5,000,000,000 Ordinary Shares and 550,000,000 unclassified shares of US$0.01 each which may be issued as Ordinary Shares or as Deferred Shares.

During the year, an aggregate of 265,699,767 new Ordinary Shares were issued and allotted, details of which are set out as follow:

i. An aggregate of 326,000 new Ordinary Shares were issued and allotted for a total consideration of HK$86,716 (approximately US$11,117), being HK$0.266 per share, upon exercise of options under the Share Option Scheme (2002) of the Company (referred to below in this note).

ii. An aggregate of 107,992,423 new Ordinary Shares were issued and allotted on 16 December 2005 to those shareholders who elected to receive part or all of their special interim dividend of 22 Hong Kong cents per share for the year ending 31 March 2006, declared by the Company on 18 November 2005, by way of new Ordinary Shares credited as fully paid (the "**Scrip Dividend Shares**"). The market value of the Scrip Dividend Shares was fixed at HK$0.153 per share.

iii. 70,653,197 new Ordinary Shares were issued at HK$0.206 (market price at the date of issue) and allotted on 15 March 2006 to Finistere Limited upon further completion of the cooperation agreement dated 23 June 2005 (details of which were set out in the shareholders' circular issued by the Company on 26 January 2006).

iv. 86,728,147 new Ordinary Shares were issued and allotted on 18 March 2006 to Indigo Securities Limited upon conversion of 86,728,147 Deferred Shares.

On 31 March 2006, the Company issued US$20 million 12% guaranteed convertible bonds due 2009 (the "**Convertible Bonds**") under a purchase agreement dated 30 March 2006. 33,114,929 new Ordinary Shares and 59,666,539 new Ordinary Shares were issued and allotted on 24 May 2006 to JP Morgan Securities Ltd and Barclays Capital Securities Ltd (for and on behalf of MLP Investments (Caymans), Ltd) respectively upon conversion of part of Tranche A of the Convertible Bonds with, in aggregate, a principal amount of US$3.11 million at the conversion price of HK$0.2615 per share.

Notes to the Financial Statements

For the year ended 31 March 2006

25. SHARE CAPITAL (Continued)

Rights of the Deferred Shares

The non-voting convertible deferred shares of US$0.01 each in the capital of the Company (the "**Deferred Share(s)**") shall rank for dividends pari passu to ordinary shares of the Company from time to time in issue. Each Deferred Share shall confer on the holder thereof pari passu rights to ordinary shares on a winding up or other return of capital.

Each Deferred Share carries a conversion right to convert into one ordinary share of US$0.01 in the capital of the Company commencing six months from the date of issue (9 June 2000). The shares issued and allotted upon conversion of the Deferred Shares (the "**Conversion Shares**") shall, when issued, rank pari passu in all respects with all other ordinary shares of the Company in issue on the date of conversion.

No application was made for the listing of the Deferred Shares on the HK Stock Exchange. However, application has been made to the HK Stock Exchange for the listing of, and permission to deal in, the Conversion Shares.

Holders of the Deferred Shares are entitled to receive notices of the general meetings of the Company but not to attend and vote thereat. The Deferred Shares are transferable with the prior written consent of the Directors of the Company and with prior notice to the HK Stock Exchange.

All 86,728,147 Deferred Shares, which were in issue as at 31 March 2005, were converted into ordinary shares on 18 March 2006 (2005: Nil).

Notes to the Financial Statements

For the year ended 31 March 2006

25. SHARE CAPITAL (Continued)

a. Share Option Scheme (2002)

A new share option scheme, named "Share Option Scheme (2002)" (the "**Share Option Scheme (2002)**"), was adopted with shareholders' approval at the Company's annual general meeting held on 15 November 2002. The scheme shall continue in force until the tenth anniversary of its commencement date, which will be 15 November 2012.

As at 1 April 2005, under the Share Option Scheme (2002) there were outstanding options entitling the holders to subscribe, in stages in accordance with their respective vesting schedules, for an aggregate of 20,600,000 ordinary shares at the exercise price of HK$0.266 per share (1 April 2004: Nil), representing 1.86% (1 April 2004: Nil) of the Company's then issued voting share capital and 1.83% (1 April 2004: Nil) of the enlarged voting share capital. All such outstanding options were not vested (1 April 2004: Nil). During the year ended 31 March 2006, no options were granted (2005: options in respect of 21,400,000 shares), cancelled (2005: Nil) or lapsed (2005: 800,000). Vested options in respect of an aggregate of 326,000 shares were exercised at HK$0.266 per share (2005: Nil). Accordingly, as at 31 March 2006, there were outstanding options entitling the holders to subscribe, in stages, for an aggregate of 20,274,000 ordinary shares (31 March 2005: 20,600,000 shares) at the exercise price of HK$0.266 per share, representing 1.48% (31 March 2005: 1.86%) of the Company's issued voting share capital as at 31 March 2006 and 1.46% (31 March 2005: 1.83%) of the enlarged voting share capital. Amongst the outstanding options, options in respect of an aggregate of 6,540,663 shares or 32.26% were/are vested (31 March 2005: Nil). Exercise in full of the outstanding options would result in the issue of 20,274,000 additional ordinary shares for aggregate proceeds, before expenses, of HK$5,392,884 (approximately US$691,395).

Subsequent to the year end date, options were granted on 4 April 2006 entitling the holders to subscribe, in stages in accordance with their repective vesting schedules, for an aggregate of 89,200,000 ordinary shares in the capital of the Company at the exercise price of HK$0.300 per share. Accordingly, as at the date of this report, there were outstanding options entitling the holders to subscribe, in stages, for an aggregate of 109,474,000 ordinary shares at the exercise prices ranging from HK$0.266 per share to HK$0.300 per share. The outstanding options represent 7.47% of the Company's existing issued voting share capital (following the issue and allotment of an aggregate of 92,781,468 ordinary shares upon conversion of part of the Convertible Bonds (as referred to above) on 24 May 2006) and 6.95% of the enlarged voting share capital. Amongst the outstanding options, options in respect of an aggregate of 6,540,663 shares or 5.97% are vested. Exercise in full of the outstanding options would result in the issue of 109,474,000 additional ordinary shares for aggregate proceeds, before expenses, of HK32,152,884 (approximately US$4,122,164).

Notes to the Financial Statements

For the year ended 31 March 2006

25. SHARE CAPITAL (Continued)

a. Share Option Scheme (2002) (Continued)

Details of the Share Option Scheme (2002) and particulars of the options held under the scheme during the year by various participants are set out under the section headed "Share Capital and Share Options" in the Report of the Directors of this annual report.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the option in cash.

b. Employee Share Option Scheme

Following the adoption of the Share Option Scheme (2002) referred to in paragraph (a) above, the Company's employee share option scheme (the "**Employee Share Option Scheme**"), which was approved by the shareholders on 24 July 1996 (and was deemed to have commenced on 15 July 1994), as amended on 27 May 1998, was terminated. However, its provisions remain in full force and effect to the extent necessary to give effect to the exercise of any options granted under such scheme prior to the date of such termination. Therefore, no new options were granted under the Employee Share Option Scheme during the year.

As at 1 April 2005, an outstanding and vested option under the Employee Share Option Scheme entitled its holder to subscribe on or before 11 October 2005 for 200,000 (1 April 2004: 6,063,333) ordinary shares at the exercise price of HK$1.06 per share, representing 0.02% (1 April 2004: 0.55%) of the Company's then issued voting share capital and 0.02% (1 April 2004: 0.38%) of the enlarged voting share capital. The outstanding option was not exercised during the year ended 31 March 2006 (2005: options in respect of 3,180,000 shares) and lapsed upon expiry of the exercise period (2005: options in respect of 2,683,333 shares lapsed). As the scheme was terminated on 15 November 2005, no new options were granted during the year ended 31 March 2006 (2005: Nil). Accordingly, as at 31 March 2006 and the date of this report, there were/are no outstanding options under the Employee Share Option Scheme.

Details of the Employee Share Option Scheme and particulars of the options held under the scheme during the year by various participants are set out under the section headed "Share Capital and Share Options" in the Report of the Directors of this annual report.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the option in cash.

25. SHARE CAPITAL (Continued)

b. Employee Share Option Scheme (Continued)

Share options and the weighted average exercise price are as follows for the reporting periods presented:

	2006		2005	
	Number	Weighted average exercise price HK$	Number	Weighted average exercise price HK$
Outstanding at 1 April	20,800,000	0.27	6,063,333	0.51
Granted	—	—	21,400,000	0.27
Forfeited	—	—	(3,483,333)	0.74
Exercised	(326,000)	0.27	(3,180,000)	0.16
Expired	(200,000)	1.06	—	—
Outstanding at 31 March	20,274,000	0.27	20,800,000	0.27

The weighted average share price of these shares at the date of exercise was HK$0.27. All remaining share options as at 31 March 2006 have been accounted for under HKFRS 2.

The fair value of share options granted during the year ended 31 March 2005 was determined using the Binomial valuation model. Significant inputs into the calculation included a closing share price at the date of grant of option of HK$0.255 and the exercise prices as illustrated above. Furthermore, the calculation takes into account a dividend yield of 11% and a volatility of 95%, based on the Company's expected share price. A risk-free interest rate of 3.99% was used.

The underlying expected volatility was determined by reference to historical data according to the price return of the ordinary shares of the Company.

In total, US$216,000 of employee compensation expense has been included in the consolidated income statement for the year ended 31 March 2006 (2005: Nil) which gave rise to additional paid-in capital. No liabilities were recognised due to share-based payment transactions.

Notes to the Financial Statements

For the year ended 31 March 2006

26. RESERVES

	Accumulated losses US$'000	Share premium US$'000	Asset revaluation reserve US$'000	Employee share-based payment reserve US$'000	Convertible bonds reserve US$'000	Capital redemption reserve US$'000	Foreign currency exchange reserve US$'000	Total US$'000
Group								
At 1 April 2004, as previously reported	(42,412)	114,309	3,735	—	—	1,204	8,529	85,365
Derecognition of negative goodwill by an associate	20,418	—	—	—	—	—	—	20,418
At 1 April 2004, as restated	(21,994)	114,309	3,735	—	—	1,204	8,529	105,783
Foreign currency translation adjustment of an associate	—	—	—	—	—	—	8,431	8,431
Disposal of properties by an associate	3,735	—	(3,735)	—	—	—	—	—
Exercise of share options	—	34	—	—	—	—	—	34
Dividend	—	(32,467)	—	—	—	—	—	(32,467)
Loss for the year	(42,330)	—	—	—	—	—	—	(42,330)
At 31 March 2005	(60,589)	81,876	—	—	—	1,204	16,960	39,451
Foreign currency translation adjustment	—	—	—	—	—	—	(16,782)	(16,782)
Exercise of share options	—	8	—	—	—	—	—	8
Issue of new shares	—	1,169	—	—	—	—	—	1,169
Dividend	—	(33,872)	—	—	—	—	—	(33,872)
Scrip dividend	—	1,052	—	—	—	—	—	1,052
Equity portion of convertible bonds (note 24)	—	—	—	—	56	—	—	56
Employee share-based payment	—	—	—	216	—	—	—	216
Profit for the year	8,129	—	—	—	—	—	—	8,129
At 31 March 2006	(52,460)	50,233	—	216	56	1,204	178	(573)

Notes to the Financial Statements

For the year ended 31 March 2006

26. RESERVES (Continued)

	Accumulated losses US$'000	Share premium US$'000	Employee share-based payment reserve US$'000	Convertible bonds reserve US$'000	Capital redemption reserve US$'000	Foreign currency exchange reserve US$'000	Total US$'000
Company							
At 1 April 2004	(58,124)	116,574	—	—	1,204	2	59,656
Exercise of share options	—	34	—	—	—	—	34
Dividend	—	(32,467)	—	—	—	—	(32,467)
Loss for the year	5,283	—	—	—	—	—	5,283
At 31 March 2005	(52,841)	84,141	—	—	1,204	2	32,506
Foreign currency translation adjustment	—	—	—	—	—	(1)	(1)
Exercise of share options	—	8	—	—	—	—	8
Issue of new shares	—	1,169	—	—	—	—	1,169
Dividend	—	(33,872)	—	—	—	—	(33,872)
Scrip dividend	—	1,052	—	—	—	—	1,052
Equity portion of convertible bonds (note 24)	—	—	—	56	—	—	56
Employee share-based payment	—	—	216	—	—	—	216
Loss for the year	(8,208)	—	—	—	—	—	(8,208)
At 31 March 2006	(61,049)	52,498	216	56	1,204	1	(7,074)

27. DERIVATIVE FINANCIAL INSTRUMENTS

At 31 March 2006, there were outstanding forwards and futures contracts amounting to approximately US$1,964,000 (2005: US$1,734,000) and US$492,000 (2005: US$462,000) respectively undertaken by the Group in the foreign exchange and equity markets.

In the course of the Group's normal trading in derivatives, margin deposits of varying currencies of cash are held by the Group's brokers. As at 31 March 2006, the amount of these margin deposits was US$382,000 (2005: US$275,000).

Notes to the Financial Statements

For the year ended 31 March 2006

28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

(a) Disposal of a subsidiary

	2006 US$'000
Net assets disposed of:	
Property, plant and equipment	1
Trade receivables	22
Prepayments, deposits and other receivables	7
Cash and bank balances	11
Trade payables, accruals and other payables	(26)
	15
Loss on disposal of a subsidiary	(15)
	—
Satisfied by:	
Cash consideration	—
	—
Net cash outflow arising on disposal:	
Cash considerations received	—
Cash and bank balances disposed of	(11)
	(11)

Notes to the Financial Statements

For the year ended 31 March 2006

28. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT (Continued)

(b) Acquisition of a subsidiary

On 23 June 2005, the Company entered into an agreement to acquire the entire interests in RMHL from an independent third party for consideration of 70,653,197 ordinary shares of the Company at the market price of the date of issue and cash consideration of US$10,000, which had been fully issued and paid during the year. The principal activity of RMHL is investment holding. The fair value of 70,653,197 ordinary shares of the Company was US$1,876,000 at the date of their issuance.

The acquired business did not contribute any revenue but net loss of US$431,000 to the Group from the date of acquisition to 31 March 2006.

If the acquisition had occurred on 1 April 2005, the Group's revenue and loss would have been nil and US$431,000 respectively.

	2006 US$'000
The carrying amounts and fair value of the net assets acquired	
Cash and bank balances	10
Goodwill on acquisition (note 13)	1,876
	1,886
Total consideration, satisfied by:	
Cash consideration	10
Issue of 70,653,197 Ordinary Shares of the Company	1,876
	1,886
Net cash outflow arising on acquisition:	
Cash consideration paid	(10)
Cash and bank balance acquired	10
	—

The goodwill arising on the acquisition of RMHL is attributable to its anticipated profitability from the investment in a jointly controlled entity.

Notes to the Financial Statements

For the year ended 31 March 2006

29. RETIREMENT BENEFIT OBLIGATIONS

The Group has operated a defined contributory staff retirement scheme in Hong Kong which has complied with all the respective requirements of the Occupational Retirement Schemes Ordinance ("**ORSO**") since April 1991. On 1 December 2000, the above scheme was terminated and transferred to a new mandatory provident fund scheme (the "**MPF Scheme**") which complies with all the respective requirements under the Mandatory Provident Fund Ordinance (the "**MPF Ordinance**"). All assets under the schemes are held separately from the Group under independently administered funds. The MPF Scheme has two plans. Plan A is available to those employees who were transferred from the old ORSO scheme and contributions are based on a specific percentage of the basic salary of the eligible employees. Plan B is available to all other employees in Hong Kong and contributions follow the minimum requirements of the MPF Ordinance.

Contributions are expensed as incurred and may be reduced by contributions forfeited by those employees under Plan A who leave the scheme prior to vesting fully in the contributions. During the year, there were no forfeited contributions (2005: US$1,000) and the Group's contribution was US$14,000 (2005: US$15,000).

30. OPERATING LEASE COMMITMENTS

Group

	2006 US$'000	2005 US$'000
At 31 March 2006, the total future minimum lease payments under non-cancellable operating leases are payable as follows:		
Property:		
- within 1 year	94	97
- in the 2nd to 5th years	8	102
	102	199

The Group leases a number of properties under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

Company

The Company has no lease commitments.

Notes to the Financial Statements

For the year ended 31 March 2006

31. CAPITAL COMMITMENTS

Group

	2006 US$'000	2005 US$'000
Commitment for the investment in a jointly controlled entity		
Contracted but not provided for	17,000	—

Company

The Company has no capital commitments.

32. CONTINGENT LIABILITIES

The Group and the Company have no material contingent liabilities as at 31 March 2006.

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to a variety of financial risks which result from both its operating and investing activities. The Group's management is coordinated in close cooperation with the board of directors, and focuses on minimising the exposure to financial markets.

The Group does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the Group is exposed to are described below:

Foreign currency risk

The Group has not taken any currency hedge as the management is not aware of any material foreign currency risk against its investments in financial assets.

Currently, the Group has no financial liabilities denominated in foreign currencies other than US dollars.

Credit risk

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the balance sheet. Credit risk, therefore, is only disclosed in circumstances where the maximum potential loss differs significantly from the financial asset's carrying amount.

The Group's trade and other receivables are actively monitored to avoid significant concentrations of credit risk.

Transaction in relation to derivative financial instruments are only carried out with financial institutions of high reputation.

Notes to the Financial Statements

For the year ended 31 March 2006

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Interest rate risk

The Company currently has no financial liabilities with floating interest rates.

Fair value estimation

The fair value of the Group's current financial assets and liabilities are not materially different from their carrying amounts because of the immediate or short term maturity.

The fair value of non-current financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

34. MATERIAL RELATED PARTY TRANSACTIONS

The following is a summary of material related party contracts or transactions of the Group during the year. All such transactions were entered into in the ordinary course of business of the Group.

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or entities.

(1) A shareholders' agreement dated 15 May 2002 (the "**KOL Shareholders' Agreement**") was entered into between (a) the Company and (b) The State of Wisconsin Investment Board ("**SWIB**") relating to BIH (then known as KoreaOnline Limited), a 40.2% owned associate of the Company. The KOL Shareholders' Agreement superseded the share transfer agreement dated 15 October 1999.

On 1 May 2003, (i) the Company; (ii) SWIB; and (iii) BIH entered into a new shareholders' agreement regarding the shareholdings of SWIB and the Company in BIH (the "**BIH Shareholders' Agreement**"). Amongst other things, the Company, SWIB and BIH agreed in the BIH Shareholders' Agreement to explore ways in which to realise the investment of the Company and SWIB in BIH in the most effective and profitable manner. The BIH Shareholders' Agreement superseded the KOL Shareholders' Agreement.

SWIB currently holds a 6.02% interest in the total issued voting share capital of the Company and ceased to have an equity interest in BIH in the financial year concerned.

Notes to the Financial Statements

For the year ended 31 March 2006

34. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(2) On 24 March 2003, an operational support agreement was entered into between (a) Regent Financial Services Limited, an indirectly wholly-owned subsidiary of the Company, as service provider and (b) BIH relating to the provision of a range of accounting and other related services by Regent Financial Services Limited to BIH at fixed monthly fee of US$2,000, which was increased to US$5,000 with effect from 1 March 2004 pursuant to a side letter dated 1 March 2004.

An aggregate of US$35,000 was received for the period ended 30 October 2005. The Group no longer receives a monthly service fee from BIH.

35. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with changes in presentation in the current year where necessary.

36. POST BALANCE SHEET EVENTS

Subsequent to the year end date, the Group has injected US$20 million into Yunnan Simao Shanshui Copper Company Limited, a joint venture company incorporated in the PRC which the Group has a 40% equity interest.