

2007 interim report

For the six months ended 30 September 2007



Regent Pacific Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 575)

RESULTS

The directors (the “**Directors**” or the “**Board**”) of Regent Pacific Group Limited (the “**Company**” and collectively with its subsidiaries, the “**Group**”) are pleased to announce the unaudited results of the Group for the six months ended 30 September 2007, together with comparative figures for the corresponding period ended 30 September 2006, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 September 2007

	Notes	(Unaudited) For the six months ended 30 September	
		2007 US\$'000	2006 US\$'000
Revenue/Turnover:	3		
Corporate investment income		523	162
Asset management and corporate finance income		—	212
Other income		912	76
Fair value (loss)/gain		(44)	2,776
		<hr/>	<hr/>
		1,391	3,226
Expenses:			
Employee benefit expenses		(2,335)	(1,697)
Rental and office expenses		(202)	(93)
Information and technology expenses		(118)	(107)
Marketing costs and commissions		(20)	(43)
Professional fees		(731)	(504)
Investment advisory fee		—	(78)
Finance costs	5	(1,192)	(1,291)
Other operating expenses		(399)	(356)
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Operating loss	4	(3,606)	(943)
Share of profit of an associate		315	888
Share of profit of a jointly controlled entity		5,068	2,942
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Profit before taxation		1,777	2,887
Taxation	6	—	—
		<hr/>	<hr/>
Profit for the period		1,777	2,887
Attributable to:			
Equity holders of the Company		1,901	2,525
Minority interests		(124)	362
		<hr/>	<hr/>
		1,777	2,887
Dividend		—	—
Earnings per share (US cent):	7		
- Basic		0.12	0.18
- Diluted		0.11	0.15
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CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 September 2007

		(Unaudited) As at 30 September 2007 US\$'000	(Audited) As at 31 March 2007 US\$'000
	Notes		
Non-current assets:			
Goodwill		1,876	1,876
Exploration and evaluation assets		218	78
Property, plant and equipment		242	195
Interest in an associate		3,105	2,768
Interest in a jointly controlled entity		27,091	25,180
Available-for-sale financial assets		620	620
		<u>33,152</u>	<u>30,717</u>
Current assets:			
Cash and bank balances		46,062	3,938
Financial assets at fair value through profit and loss		4,381	6,290
Trade receivables	8	158	173
Prepayments, deposits and other receivables		7,877	1,779
		<u>58,478</u>	<u>12,180</u>
Current liabilities:			
Derivative financial instruments	11	(20)	(17)
Trade payables, accruals and other payables	9	(2,482)	(647)
Borrowings		(24)	(29)
		<u>(2,526)</u>	<u>(693)</u>
Net current assets		<u>55,952</u>	<u>11,487</u>
Total assets less current liabilities		<u>89,104</u>	<u>42,204</u>
Non-current liability:			
Borrowings		(17,979)	(21,631)
Net assets		<u>71,125</u>	<u>20,573</u>
Equity			
Equity attributable to the Company's equity holders			
Share capital	10	19,467	14,959
Reserves		51,300	5,127
		<u>70,767</u>	<u>20,086</u>
Minority interests		358	487
Total equity		<u>71,125</u>	<u>20,573</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 September 2007

	(Unaudited)	
	For the six months ended	
	30 September	
	2007	2006
	<i>US\$'000</i>	<i>US\$'000</i>
Net cash used in operating activities	(2,601)	(1,994)
Net cash generated from/(used in) investing activities	1,787	(18,224)
Net cash generated from financing activities	42,938	79
Net increase/(decrease) in cash and cash equivalents	42,124	(20,139)
Cash and cash equivalents at the beginning of the period	3,938	22,067
Cash and cash equivalents at the end of the period	46,062	1,928
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	46,062	1,928

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

Equity attributable to equity holders of the Company

	Share capital	Accumulated losses	Share premium	Employee	Convertible bonds reserve	Preference shares reserve	Capital redemption reserve	Investment revaluation reserve	Foreign	Total	Minority interests	Total equity
				share-based payment reserve					currency exchange reserve			
2007	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 April 2007	14,959	(52,331)	53,360	882	47	153	1,204	453	1,359	20,086	487	20,573
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	18	18	(5)	13
Share of reserve of a jointly controlled entity	—	—	—	—	—	—	—	—	572	572	—	572
Net income recognised directly in equity	—	—	—	—	—	—	—	—	590	590	(5)	585
Profit for the period	—	1,901	—	—	—	—	—	—	—	1,901	(124)	1,777
Total recognised income and expense for the period	—	1,901	—	—	—	—	—	—	590	2,491	(129)	2,362
Exercise of share options	130	—	487	(146)	—	—	—	—	—	471	—	471
Issue of new shares	2,933	—	39,800	—	—	—	—	—	—	42,733	—	42,733
Conversion of convertible bonds	1,310	—	2,834	—	(12)	—	—	—	—	4,132	—	4,132
Conversion of redeemable convertible preference shares	135	—	329	—	—	(13)	—	—	—	451	—	451
Employee share-based payment	—	—	—	381	—	—	—	—	—	381	—	381
Share of reserve of an associate	—	—	—	22	—	—	—	—	—	22	—	22
At 30 September 2007	19,467	(50,430)	96,810	1,139	35	140	1,204	453	1,949	70,767	358	71,125

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

Equity attributable to equity holders of the Company

	Share capital		Employee share-based payment reserve		Convertible bonds reserve	Capital redemption reserve	Investment revaluation reserve	Foreign currency exchange reserve	Total	Minority interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000			
2006											
At 31 March 2006,											
as previously reported	13,726	(52,460)	50,233	216	56	1,204	—	178	13,153	453	13,606
Prior year adjustment	—	(453)	—	—	—	—	453	—	—	—	—
At 1 April 2006,											
as restated	13,726	(52,913)	50,233	216	56	1,204	453	178	13,153	453	13,606
Foreign currency translation adjustment	—	—	—	—	—	—	—	8	8	—	8
Share of reserve of a jointly controlled entity	—	—	—	—	—	—	—	310	310	—	310
Net income recognised directly in equity	—	—	—	—	—	—	—	318	318	—	318
Profit for the period	—	2,525	—	—	—	—	—	—	2,525	362	2,887
Total recognised income and expense for the period	—	2,525	—	—	—	—	—	318	2,843	362	3,205
Exercise of share options	23	—	56	—	—	—	—	—	79	—	79
Conversion of convertible bonds	928	—	2,008	—	(9)	—	—	—	2,927	—	2,927
Employee share-based payment	—	—	—	341	—	—	—	—	341	—	341
At 30 September 2006	14,677	(50,388)	52,297	557	47	1,204	453	496	19,343	815	20,158

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "HK Stock Exchange") and the OTC market (Freiverkehr) of the Frankfurt Stock Exchange.

The Company's principal activity is investment holding, and the Group's principal activities consist of exploration and mining of natural resources; provision of investment advisory services; corporate finance and advisory services; and corporate investment.

The condensed interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities (the "HK Listing Rules") on The HK Stock Exchange and Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

The condensed interim financial statements should be read in conjunction with the Company's financial statements for the year ended 31 March 2007.

The accounting policies used in the preparation of this condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 March 2007.

2. ADOPTION OF NEW ISSUED HONG KONG FINANCIAL REPORTING STANDARDS AND HKAS ("HKFRSs")

The Group has not early adopted the following HKFRSs that have been issued but are not yet effective. The Directors of the Company anticipate that the adoption of such HKFRSs will not result in material financial impact on the financial statements of the Group:

HKAS 23 (Revised)	Borrowing Costs ¹
HKFRS 8	Operating Segments ¹

¹ Effective for annual periods beginning on or after 1 January 2009

3. SEGMENTED INFORMATION

PRIMARY REPORTING FORMAT - BUSINESS SEGMENTS

The Group comprises four business segments as follows:

- Mining : mining and exploration of natural resources
- Asset management : management of assets entrusted by the shareholders of various mutual 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.

For the six months ended 30 September 2007

	(Unaudited)					
	Asset management	Corporate finance	Corporate investment	Mining	Unallocated	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue from external customers	—	—	1,435	—	—	1,435
Inter-segment revenue	—	—	—	—	—	—
	—	—	1,435	—	—	1,435
Segment results	—	—	(2,020)	(394)	—	(2,414)
Unallocated operating expenses						—
Finance costs						(1,192)
Operating loss						(3,606)
Share of profit of an associate					315	315
Share of profit of a jointly controlled entity				5,068		5,068
Taxation						—
Profit for the period						1,777

For the six months ended 30 September 2006

(Unaudited)

	Asset management	Corporate finance	Corporate investment	Mining	Unallocated	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue from external customers	288	—	162	—	—	450
Inter-segment revenue	—	—	—	—	—	—
	<u>288</u>	<u>—</u>	<u>162</u>	<u>—</u>	<u>—</u>	<u>450</u>
Segment results	(579)	(1,229)	2,156	—	—	348
Unallocated operating expenses						—
Finance costs						(1,291)
Operating loss						(943)
Share of profit of an associate					888	888
Share of profit of a jointly controlled entity				2,942		2,942
Taxation						—
Profit for the period						<u>2,887</u>

The segment assets and liabilities at 30 September 2007 and capital expenditure for the six months then ended are as follows:

(Unaudited)

	Asset management	Corporate finance	Corporate Investment	Mining	Others	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment assets	—	—	60,041	1,393	—	61,434
Interest in an associate	—	—	—	—	3,105	3,105
Interest in a jointly controlled entity	—	—	—	27,091	—	27,091
Total assets	<u>—</u>	<u>—</u>	<u>60,041</u>	<u>28,484</u>	<u>3,105</u>	<u>91,630</u>
Segment liabilities	<u>—</u>	<u>—</u>	<u>2,590</u>	<u>17,915</u>	<u>—</u>	<u>20,505</u>
Depreciation and amortisation	<u>—</u>	<u>—</u>	<u>36</u>	<u>—</u>	<u>—</u>	<u>36</u>
Capital expenditure	<u>—</u>	<u>—</u>	<u>83</u>	<u>138</u>	<u>—</u>	<u>221</u>

The segment assets and liabilities at 31 March 2007 and capital expenditure for the year then ended are as follows:

(Audited)

	Asset management	Corporate finance	Corporate Investment	Mining	Others	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Segment assets	1,443	13	13,203	290	—	14,949
Interest in an associate	—	—	—	—	2,768	2,768
Interest in a jointly controlled entity	—	—	—	25,180	—	25,180
Total assets	1,443	13	13,203	25,470	2,768	42,897
Segment liabilities	283	—	487	—	21,554	22,324
Depreciation and amortisation	26	—	—	—	—	26
Capital expenditure	188	—	—	20,009	—	20,197

SECONDARY REPORTING FORMAT - GEOGRAPHICAL SEGMENTS

The Group's business is managed on a world-wide basis. Asia Pacific is a major market for its mining and exploration of natural resources, and its corporate investments.

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

There are no sales between the geographical segments.

For the six months ended 30 September 2007

	North America	Asia Pacific	Western Europe	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue from external customers	11	1,209	215	1,435
Capital expenditure incurred during the period	—	221	—	221

For the six months ended 30 September 2006

	North America	Asia Pacific	Western Europe	Total
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Revenue from external customers	88	281	81	450
Capital expenditure incurred during the period	—	19,940	—	19,940

4. OPERATING LOSS

	(Unaudited)	
	For the six months ended	
	30 September	
	2007	2006
	US\$'000	US\$'000
Operating loss is arrived at after charging:		
Auditors' remuneration	40	68
Bad debts written off	—	117
Depreciation on owned property, plant and equipment	36	8
Operating lease rental on property and equipment	116	46
Share-based payment	381	341
	<hr/>	<hr/>
and crediting:		
Interest income on bank deposits	70	47
Dividend income from available-for-sale financial assets	—	71
Dividend income from financial assets at fair value through profit and loss	25	—
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5. FINANCE COSTS

	(Unaudited)	
	For the six months ended	
	30 September	
	2007	2006
	US\$'000	US\$'000
Interest on convertible bonds	917	1,291
Interest on redeemable convertible preference shares	275	—
	<hr/>	<hr/>
	1,192	1,291
	<hr/>	<hr/>

6. TAXATION

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 period.

Share of associate's taxation for the six months ended 30 September 2007 of US\$6,000 (2006: US\$14,000) is included in the consolidated income statement as share of profit of an associate. Pursuant to a notice dated 30 June 2006 issued by the Simao Provincial Tax Bureau, the Company's jointly controlled entity is exempt from income tax from year 2006 to year 2007 and is subject to a 50% reduction in the income tax rate for a period of three years from 2008 to 2010.

7. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

Earnings	(Unaudited) For the six months ended 30 September	
	2007 US\$'000	2006 US\$'000
Profit attributable to equity holders of the Company, used to determine basic earnings per share	1,901	2,525
Interest on convertible bonds	—	508
Profit used to determine diluted earnings per share	<u>1,901</u>	<u>3,033</u>
Number of shares		
Weighted average number of ordinary shares, used to determine basic earnings per share	1,628,185,514	1,439,107,391
Effect of dilutive potential ordinary shares:		
Share options	82,582,810	22,354,213
Convertible bonds	—	623,536,527
Weighted average number of ordinary shares, used to determine diluted earnings per share	<u>1,710,768,324</u>	<u>2,084,998,131</u>

- * The convertible bonds and the redeemable convertible preference shares outstanding during the period ended 30 September 2007 had an anti-dilutive effect on the earnings per share and were ignored in the calculation of diluted earnings per share.
- # Subsequent to the period end date and prior to the date of this report, new ordinary shares were issued and allotted and options were granted, details of which are set out in note 10.

8. TRADE RECEIVABLES

At 30 September 2007 and 31 March 2007, the aging analysis of trade receivables was as follows:

	(Unaudited) As at 30 September 2007 <i>US\$'000</i>	(Audited) As at 31 March 2007 <i>US\$'000</i>
1 to 3 months old	15	31
More than 3 months old but less than 12 months old	143	142
	<u>158</u>	<u>173</u>

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.

9. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

At 30 September 2007 and 31 March 2007, the aging analysis of trade payables was as follows:

	(Unaudited) As at 30 September 2007 <i>US\$'000</i>	(Audited) As at 31 March 2007 <i>US\$'000</i>
Due within 1 month or on demand	—	2
More than 6 months	31	29
Trade payables	31	31
Accruals and other payables	2,451	616
	<u>2,482</u>	<u>647</u>

Included in trade payables were those payables placed in trust accounts amounting to US\$29,000 as at 30 September 2007 (31 March 2007: US\$29,000).

10. SHARE CAPITAL

Authorised:	Number of ordinary shares of US\$0.01 each		Number of unclassified shares*		Total number of shares	Total US\$'000
	US\$'000	US\$'000	US\$'000	US\$'000		
At 30 September 2007 and 31 March 2007	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
At 1 April 2006					1,372,599,856	13,726
Conversion of convertible bonds					92,781,468	928
Employee share option scheme – exercise of share options					2,306,000	23
Conversion of redeemable convertible preference shares					6,724,138	67
Issue of new shares					21,514,256	215
At 31 March 2007					1,495,925,718	14,959
Employee share option scheme – exercise of share options					13,014,000	130
Conversion of convertible bonds					130,967,501	1,310
Conversion of redeemable convertible preference shares					13,448,276	135
Issue of new shares					293,339,464	2,933
At 30 September 2007					1,946,694,959	19,467

* *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*

As noted above, during the six-month period ended 30 September 2007, an aggregate of 450,769,241 new ordinary shares were issued and allotted with details set out below:

- An aggregate of 6,534,000 new ordinary shares were issued and allotted for a total consideration of HK\$1,738,044 (approximately US\$222,826), being HK\$0.266 per share, upon exercise of options under the Share Option Scheme (2002).
- An aggregate of 6,480,000 new ordinary shares were issued and allotted for a total consideration of HK\$1,944,000 (approximately US\$249,230), being HK\$0.300 per share, upon exercise of options under the Share Option Scheme (2002).

- c. An aggregate of 130,967,501 new ordinary shares were issued and allotted upon conversion of Convertible Bonds with a principal amount of US\$4.39 million, being at a conversion price of HK\$0.2615 per share.
- d. An aggregate of 13,448,276 new ordinary shares were issued and allotted upon conversion of 500 Redeemable Convertible Preference Shares, being at a conversion price of HK\$0.290 per share.
- e. An aggregate of 293,339,464 new ordinary shares were issued and allotted on 28 September 2007 at the price of HK\$1.200 per share upon completion of a private placing pursuant to the placing agreement dated 18 September 2007 (details of which were set out in the announcement issued by the Company on 18 September 2007).

Subsequent to the period end date and prior to the date of this report, an aggregate of 106,583,442 new ordinary shares were issued and allotted with details set out below:

- a. An aggregate of 167,000 new ordinary shares were issued and allotted for a total consideration of HK\$44,422 (approximately US\$5,695), being HK\$0.266 per share, upon exercise of options under the Share Option Scheme (2002).
- b. An aggregate of 2,000,000 new ordinary shares were issued and allotted for a total consideration of HK\$600,000 (approximately US\$76,923), being HK\$0.300 per share, upon exercise of options under the Share Option Scheme (2002).
- c. An aggregate of 89,499,808 new ordinary shares were issued and allotted upon conversion of Convertible Bonds with a principal amount of US\$3 million, being at a conversion price of HK\$0.2615 per share.
- d. An aggregate of 14,916,634 new ordinary shares were issued and allotted upon conversion of Convertible Bonds with a principal amount of US\$500,000, being at a conversion price of HK\$0.2615 per share.

1. Convertible Bonds

On 31 March 2006, the Company issued US\$20 million 12% guaranteed convertible bonds due 2009 (the "**Convertible Bond(s)**") under a purchase agreement dated 30 March 2006 (the "**Purchase Agreement**"), pursuant to which (i) MLP Investments (Caymans), Ltd; (ii) Highbridge International LLC; (iii) Highbridge Asia Opportunities Master Fund, LP; and (iv) J.P. Morgan Securities Ltd purchased Convertible Bonds with principal amounts of US\$12 million, US\$2.5 million, US\$2.5 million and US\$3 million respectively. The Convertible Bonds may give rise to the issue, in aggregate, of 596,661,718 ordinary shares on conversion at a conversion price of HK\$0.2615 per share.

During the six-month period ended 30 September 2007, Convertible Bonds with a principal amount of US\$4.39 million were converted into, in aggregate, 130,967,501 new ordinary shares. Subsequent to the period end date and prior to the date of this report, Convertible Bonds with a principal amount of US\$3.5 million were converted into, in aggregate, 104,416,442 new ordinary shares. Accordingly, as at the date of this report, Convertible Bonds with a principal amount of US\$9 million, which may be convertible into 268,496,307 new ordinary shares, are outstanding.

2. Redeemable Convertible Preference Shares

On 11 October 2006, the Company entered into a subscription agreement (the "**Subscription Agreement**") with (i) Libra Fund LP; (ii) Libra Offshore Limited; (iii) MLP Investments (Caymans), Ltd; and (iv) certain Directors of the Company, namely James Mellon, Jayne Sutcliffe, Anderson Whamond, Jamie Gibson, Mark Searle, Julie Oates and David Comba (collectively the "**Purchasers**") relating to the issue by the Company of, and the subscription by the Purchasers for, 6,250 dividend bearing non-voting redeemable convertible preference shares ("**Redeemable Convertible Preference Share(s)**" or "**RCPS**") at US\$1,000 per share in cash, in order to raise US\$6.25 million (approximately HK\$48.75 million) (the "**RCPS Placing**"). The Redeemable Convertible Preference Shares may give rise to the issue, in aggregate, of 168,103,449 ordinary shares on conversion at a conversion price of HK\$0.290 per share. The RCPS Placing was approved by the independent and disinterested shareholders of the Company at the extraordinary general meeting held on 23 November 2006 under the requirement of the HK Listing Rules.

The RCPS Placing was completed on 30 November 2006, on which date an aggregate of 6,250 Redeemable Convertible Preference Shares were issued and allotted to the Purchasers on the terms and conditions set out in the Subscription Agreement.

During the six-month period ended 30 September 2007, 500 Redeemable Convertible Preference Shares were converted into 13,448,276 new ordinary shares. No Redeemable Convertible Preference Shares were converted into ordinary shares subsequent to the period end date and prior to the date of this report. Accordingly, as at the date of this report, there are 5,500 Redeemable Convertible Preference Shares outstanding, which may be convertible into 147,931,035 ordinary shares.

3. Share Option Scheme (2002)

The Company's 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.

The Share Option Scheme (2002) provides the Company with a flexible means of either retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to the eligible participants (including directors, executives, employees, consultants and service providers of the Company and its subsidiaries). The scheme may, at the discretion of the Directors, be used in conjunction with any cash based compensation, incentive compensation or bonus plan.

The Company sought shareholders' approval at the extraordinary general meeting held on 16 June 2006 for "refreshing" the 10% limit under the scheme. Accordingly, the maximum number of shares which may be issued upon exercise of all options to be granted after 16 June 2006 under the Share Option Scheme (2002), when aggregated with any shares which may be issued upon exercise of options to be granted under other schemes of the Company, shall not exceed 146,538,132 shares, being 10% of the total issued ordinary share capital of the Company as at the date of approval of the "refreshed" limit. Options previously granted under the scheme (including those outstanding, cancelled or lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as "refreshed". The overall limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme (2002) and any other schemes of the Company now represents 237,608,132 shares or 11.57% of the Company's existing issued ordinary share capital. In any circumstances, the aggregate limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme (2002) and any other schemes of the Company must not exceed 30% of the ordinary shares of the Company in issue from time to time. The Company may also seek separate shareholders' approval at a general meeting for granting options beyond the 10% limit provided that the options in excess of the limit are granted only to participants specifically identified by the Company before such approval is sought.

The number of shares issued or issuable upon exercise of the options granted to any individual eligible participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1% of the ordinary shares of the Company in issue, subject to the restrictions on grants to the Directors, chief executive or substantial shareholders of the Company as set out in the HK Listing Rules.

Each grant of options to any of the Directors, chief executive or substantial shareholders of the Company, or any of their respective associates, under the scheme must be approved by the Company's independent non-executive Directors (excluding the independent non-executive Director who is the grantee of the options). Where any grant of options to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of the proposed offer of such grant representing in aggregate over 0.1% of the ordinary shares of the Company in issue and having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be subject to shareholders' approval.

An offer of the grant of an option shall remain open for acceptance by the eligible participant concerned for a period of 28 days inclusive of and from the date on which such offer is made to that eligible participant or such shorter period as the Directors may in their absolute discretion determine. An offer which remains capable of acceptance shall be deemed to have been accepted upon the date when the duly completed and signed form of acceptance together with a remittance for HK\$10, being the consideration for the grant thereof, are received by the Company. The option shall, following such acceptance, be deemed to have been granted and to have taken effect on the date of offer.

Options granted under the Share Option Scheme (2002) entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant, provided that the option holder remains as an eligible participant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 10 years from the date of offer of the relevant option. All entitlements of the option then remain unexercised will lapse.

The exercise price is to be determined by the Directors at their absolute discretion when the option is offered, provided that in no event shall such price be less than the higher of (i) the nominal value of the ordinary shares of the Company; (ii) the closing price of the ordinary shares as stated in the daily quotations sheet of the HK Stock Exchange on the date of offer, which must be a business day; and (iii) the average closing price of the ordinary shares as stated in the daily quotations sheets of the HK Stock Exchange for the five business days immediately preceding the date of offer.

As at 1 April 2007, 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 126,751,000 (1 April 2006: 20,274,000) ordinary shares at the exercise prices ranging from HK\$0.266 to HK\$0.325 per share, representing 8.47% (1 April 2006: 1.48%) of the Company's then issued ordinary share capital and 7.81% (1 April 2006: 1.46%) of the enlarged ordinary share capital. Amongst the outstanding options, options in respect of an aggregate of 11,100,999 shares or 8.76% were vested (1 April 2006: options in respect of an aggregate of 6,540,663 shares or 32.26%). During the six-month period ended 30 September 2007:

- Options entitling the holders to subscribe, in stages in accordance with their respective vesting schedules, for an aggregate of 26,000,000 (2006: 89,200,000) ordinary shares at the exercise price of HK\$0.780 per share were granted on 15 May 2007.
- Vested options in respect of an aggregate of 6,534,000 shares and 6,480,000 shares were exercised at HK\$0.266 per share and HK\$0.300 per share respectively (2006: options in respect of an aggregate of 2,306,000 shares).
- No options were cancelled (2006: Nil) or lapsed (2006: Nil).

Accordingly, as at 30 September 2007, there were outstanding options entitling the holders to subscribe, in stages, for an aggregate of 139,737,000 (30 September 2006: 107,168,000) ordinary shares at the exercise prices ranging from HK\$0.266 to HK\$0.780 per share, representing 7.18% (30 September 2006: 7.30%) of the Company's then issued ordinary share capital and 6.70% (30 September 2006: 6.80%) of the enlarged ordinary share capital. Amongst the outstanding options, options in respect of an aggregate of 34,270,329 shares or 24.52% were vested (30 September 2006: options in respect of an aggregate of 11,101,332 shares or 10.36%). Exercise in full of the outstanding options would result in the issue of 139,737,000 additional ordinary shares for aggregate proceeds, before expenses, of HK\$54,530,522 (approximately US\$6,991,092).

Subsequent to the period end date and prior to the date of this report:

- Options entitling the holders to subscribe, in stages in accordance with their respective vesting schedules, for an aggregate of 100,038,132 ordinary shares at the exercise price of HK\$1.152 per share were granted on 2 October 2007.
- Vested options in respect of an aggregate of 167,000 shares were exercised at HK\$0.266 per share.
- Vested options in respect of an aggregate of 2,000,000 shares were exercised at HK\$0.300 per share.
- No options were cancelled or lapsed.

Accordingly, as at the date of this report, there are outstanding options entitling the holders to subscribe, in stages, for an aggregate of 237,608,132 ordinary shares at the exercise prices ranging from HK\$0.266 to HK\$1.152 per share, representing 11.57% of the Company's existing issued ordinary share capital and 10.37% of the enlarged ordinary share capital. Amongst the outstanding options, options in respect of an aggregate of 32,103,329 shares or 13.51% were vested. Exercise in full of the outstanding options would result in the issue of 237,608,132 additional ordinary shares for aggregate proceeds, before expenses, of HK\$169,130,028 (approximately US\$21,683,336).

Particulars of the options held under the Share Option Scheme (2002) by various participants are as follows:

i. Directors, Chief Executive and substantial shareholders

As at 1 April 2007, the following outstanding options were held by the Chief Executive Officer (also an executive Director) and an executive Director:

1. options, which were granted on 9 September 2004, entitling the Chief Executive Officer and the executive Director to subscribe, in stages, for an aggregate of 14,500,000 ordinary shares at the exercise price of HK\$0.266 per share;
2. options, which were granted on 4 April 2006, entitling the Chief Executive Officer and the executive Director to subscribe, in stages, for an aggregate of 53,600,000 ordinary shares at the exercise price of HK\$0.300 per share; and
3. an option, which was granted on 14 December 2006, entitling the executive Director to subscribe, in stages, for an aggregate of 6,000,000 ordinary shares at the exercise price of HK\$0.325 per share.

During the six-month period ended 30 September 2007:

- a. A vested option in respect of 1,500,000 shares was exercised on 11 April 2007 at HK\$0.266 per share, which were issued and allotted on 11 April 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such option was exercised was HK\$0.480.
- b. A vested option in respect of 800,000 shares was exercised on 23 April 2007 at HK\$0.266 per share, which were issued and allotted on 24 April 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such option was exercised was HK\$0.780.
- c. Options were granted on 15 May 2007 entitling two non-executive Directors to subscribe, in stages, for an aggregate of 24,000,000 ordinary shares at the exercise price of HK\$0.780 per share. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which the options were granted was HK\$0.750.
- d. A vested option in respect of 1,200,000 shares was exercised on 20 September 2007 at HK\$0.266 per share, which were issued and allotted on 21 September 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such option was exercised was HK\$1.170.

Accordingly, as at 30 September 2007, there were outstanding options entitling the Directors of the Company to subscribe, in stages, for an aggregate of 94,600,000 ordinary shares at the exercise prices ranging from HK\$0.266 to HK\$0.780 per share.

Subsequent to the period end date and prior to the date of this report, options were granted on 2 October 2007 entitling the non-executive Chairman of the Board, the Chief Executive Officer, an executive Director and two other non-executive Directors to subscribe, in stages, for an aggregate of 40,000,000 ordinary shares at the exercise price of HK\$1.152 per share. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which the options were granted was HK\$1.130. Accordingly, as at the date of this report, there are outstanding options entitling the Directors of the Company to subscribe, in stages, for an aggregate of 134,600,000 ordinary shares at the exercise prices ranging from HK\$0.266 to HK\$1.152 per share.

Particulars of the options granted to and held by the Directors and the Chief Executive Officer are set out in detail under the section headed "Directors' Interests in Securities and Options" in this report. No options were granted to or held by any associates of the Directors or the Chief Executive Officer of the Company at any time during the period or prior to the date of this report.

No options were granted to or held by any substantial shareholder of the Company, as referred to in the section headed "Substantial Shareholders" in this report, or their respective associates, at any time during the period or prior to the date of this report.

ii. Full-time employees

As at 1 April 2007, the following outstanding options were held by the full-time employees of the Group (excluding the Directors of the Company):

1. options, which were granted on 9 September 2004, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 3,301,000 ordinary shares at the exercise price of HK\$0.266 per share;
2. options, which were granted on 4 April 2006, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 34,850,000 ordinary shares at the exercise price of HK\$0.300 per share; and
3. options, which were granted on 14 December 2006, entitling the full-time employees of the Group to subscribe, in stages, for 14,500,000 ordinary shares at the exercise price of HK\$0.325 per share.

During the six-month period ended 30 September 2007:

- a. On 10 April 2007, a vested option in respect of 200,000 shares was exercised at HK\$0.266 per share and vested options in respect of an aggregate of 660,000 shares were exercised at HK\$0.300 per share, which were issued and allotted on 10 April 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such options were exercised was HK\$0.420.
- b. On 11 April 2007, a vested option in respect of 1,000,000 shares were exercised at HK\$0.266 per share and a vested option in respect of 100,000 shares was exercised at HK\$0.300 per share, which were issued and allotted on 11 April 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such options were exercised was HK\$0.480.
- c. On 17 April 2007, a vested option in respect of 167,000 shares was exercised at HK\$0.266 per share and vested options in respect of an aggregate of 1,330,000 shares were exercised at HK\$0.300 per share, which were issued and allotted on 17 April 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such options were exercised was HK\$0.700.
- d. On 23 April 2007, a vested option in respect of 400,000 shares was exercised at HK\$0.300 per share, which were issued and allotted on 24 April 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such option was exercised was HK\$0.780.
- e. On 11 May 2007, vested options in respect of an aggregate of 3,000,000 shares were exercised at HK\$0.300 per share, which were issued and allotted on 11 May 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such options were exercised was HK\$0.720.
- f. On 13 May 2007, vested options in respect of an aggregate of 830,000 shares were exercised at HK\$0.300 per share, which were issued and allotted on 18 May 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such options were exercised was HK\$0.740.

- g. An option was granted on 15 May 2007 entitling a full-time employee of the Group (not being a Director of the Company) to subscribe, in stages, for 2,000,000 ordinary shares at the exercise price of HK\$0.780 per share. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which the option was granted was HK\$0.750.
- h. On 17 May 2007, a vested option in respect of 160,000 shares was exercised at HK\$0.300 per share, which were issued and allotted on 18 May 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such option was exercised was HK\$0.860.
- i. Vested options in respect of an aggregate of 1,500,000 shares was exercised on 20 September 2007 at HK\$0.266 per share, which were issued and allotted on 21 September 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such option was exercised was HK\$1.170.
- j. A vested option in respect of 167,000 shares was exercised on 21 September 2007 at HK\$0.266 per share, which were issued and allotted on 21 September 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such option was exercised was HK\$1.160.

Accordingly, as at 30 September 2007, there were outstanding options entitling the full-time employees of the Group (excluding the Directors of the Company) to subscribe, in stages, for an aggregate of 45,137,000 ordinary shares at the exercise prices ranging from HK\$0.266 per share to HK\$0.780 per share.

Subsequent to the period end date and prior to the date of this report:

- Options were granted on 2 October 2007 entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 43,538,132 ordinary shares at the exercise price of HK\$1.152 per share. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which the options were granted was HK\$1.130.
- A vested option in respect of 167,000 shares was exercised on 10 October 2007 at HK\$0.266 per share, which were issued and allotted on 10 October 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such option was exercised was HK\$1.010.
- A vested option in respect of 2,000,000 shares was exercised on 18 October 2007 at HK\$0.300 per share, which were issued and allotted on 18 October 2007. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such option was exercised was HK\$1.650.

Accordingly, as at the date of this report, there are outstanding options entitling the full-time employees of the Group (excluding the Directors of the Company) to subscribe, in stages, for an aggregate of 86,508,132 ordinary shares at the exercise prices ranging from HK\$0.266 to HK\$1.152 per share.

iii. *Participants in excess of individual limit*

Rule 17.04(1) of the HK Listing Rules and Clause 3(A) of the rules of the Share Option Scheme (2002) provide that each grant of options to any of the Directors, Chief Executive or substantial shareholders of the Company, or any of their respective associates, must be approved by the Company's independent non-executive Directors (excluding the independent non-executive director who is the grantee of the options).

Where any grant of options to a substantial shareholder or an independent non-executive Director of the Company (or any of their respective associates) would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- a. representing in aggregate over 0.1% of the shares in issue; and
- b. having an aggregate value, based on the closing price of the shares at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by shareholders of the Company, with all connected persons of the Company abstaining from voting in favour of the relevant resolution at such general meeting.

Options granted on 2 October 2007 to James Mellon (the non-executive Chairman of the Board and a substantial shareholder of the Company) and David Comba (an independent non-executive Director of the Company) in respect of 13,000,000 shares and 5,000,000 shares respectively are subject to shareholders' approval at an extraordinary general meeting. The options will be deemed to have been granted and to have taken effect on the offer date.

Save for the above, no participants were granted with options (including both exercised and outstanding options) in respect of an aggregate number of shares in the Company which was in excess of the individual limit referred to in the HK Listing Rules.

iv. *Suppliers of goods and services*

At no time during the six-month period ended 30 September 2007, any outstanding options were held by the suppliers of goods and services.

Subsequent to the period end date and prior to the date of this report, an option was granted on 2 October 2007 entitling a service provider to subscribe, in stages, for an aggregate of 16,500,000 ordinary shares at the exercise price of HK\$1.152 per share. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which the option was granted was HK\$1.130. Accordingly, as at the date of this report, there is an outstanding option entitling a service provider to subscribe, in stages, for an aggregate of 16,500,000 ordinary shares at the exercise price of HK\$1.152 per share.

v. *Other participants*

No options were granted to or held by participants other than those referred to in sub-paragraphs (i) to (iv) above at any time during the six-month period ended 30 September 2007 or prior to the date of this 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.

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

	30 September 2007		31 March 2007	
	Number	Weighted average exercise price HK\$	Number	Weighted average exercise price HK\$
Outstanding at 1 April	126,751,000	0.299	20,274,000	0.266
Granted	—	—	89,200,000	0.300
Granted	—	—	20,500,000	0.325
Granted	26,000,000	0.780	—	—
Forfeited	—	—	(917,000)	0.294
Exercised	(6,534,000)	0.266	(2,306,000)	0.266
Exercised	(6,480,000)	0.300	—	—
Outstanding at 30 September/31 March	<u>139,737,000</u>	<u>0.390</u>	<u>126,751,000</u>	<u>0.299</u>

The weighted average market price of the shares at the date of exercise of options for the period ended 30 September 2007 was HK\$0.783 (31 March 2007: HK\$0.359). All remaining share options as at 30 September 2007 have been accounted for under HKFRS 2. The Group has granted the following outstanding share options and exercise prices:

Exercisable beginning in financial year	30 September 2007		31 March 2007	
	Number	Weighted average exercise price HK\$	Number	Weighted average exercise price HK\$
-31 March 2007	7,400,332	0.266	11,100,998	0.266
-31 December 2007	33,703,327	0.301	43,016,661	0.299
-31 December 2008	44,983,333	0.396	36,316,666	0.305
-31 December 2009	44,983,342	0.396	36,316,675	0.305
-31 December 2010	8,666,666	0.780	—	—
Outstanding at 30 September/ 31 March	<u>139,737,000</u>	<u>0.390</u>	<u>126,751,000</u>	<u>0.299</u>

The weighted average remaining contractual life of the outstanding options as of 30 September 2007 is 8.70 years (31 March 2007: 8.91 years).

The fair value of share options granted during the period ended 30 September 2007 were determined using the Binomial valuation model. Significant inputs into the calculation included a closing share price at the dates of grant of option of HK\$0.780 and the exercise prices as illustrated above. Furthermore, the calculation takes into account a dividend yield of 22% and the volatility of 95%, based on the Company's expected share price. A risk-free interest rate of 4.143% 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\$257,000 of employee share-based payment has been included in the consolidated income statement for the period ended 30 September 2007 (30 September 2006: US\$341,000). No liabilities were recognised due to share-based payment transactions.

11. DERIVATIVE FINANCIAL INSTRUMENTS

At 30 September 2007, there were outstanding futures trading contracts amounting to approximately US\$576,000 (31 March 2007: US\$537,000) 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 amounts of cash are held by the Group's brokers. As at 30 September 2007, the amount of these margin deposits was US\$49,000 (31 March 2007: US\$58,000).

12. OPERATING LEASE COMMITMENTS

	(Unaudited) As at 30 September 2007 <i>US\$'000</i>	(Audited) As at 31 March 2007 <i>US\$'000</i>
At 30 September 2007/31 March 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:		
Property:		
- within 1 year	621	608
- in the 2nd to 5th year, inclusive	529	821
	1,150	1,429
Equipment:		
- within 1 year	5	5
- in the 2nd to 5th year, inclusive	15	12
	20	17
	1,170	1,446

13. CAPITAL COMMITMENTS

	(Unaudited) As at 30 September 2007 <i>US\$'000</i>	(Audited) As at 31 March 2007 <i>US\$'000</i>
Contracted but not provided for		
Purchasing of property, plant and equipment	933	1,969

14. CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 30 September 2007.

15. MATERIAL RELATED PARTY TRANSACTIONS

On 20 January 2007, an operational support agreement was entered into between (a) Regent Metals Limited (“**RML**”), an indirectly wholly-owned subsidiary of the Company, as service provider and (b) Yunnan Simao Shanshui Copper Company Limited (“**YSSCCL**”) relating to the provision of personnel and related services by RML to YSSCCL at a fixed monthly fee of US\$138,250 before PRC taxes.

An aggregate of US\$830,000 was received and receivable for the period ended 30 September 2007.

16. POST BALANCE SHEET EVENTS

On 14 September 2007, the Company entered into a share purchase agreement for the acquisition of 20.38% of CCEC Ltd by issuing 235,801,126 shares of the Company as consideration. On 12 October 2007, Morgan Stanley, the financial adviser to the Company made an offer on behalf of the Company to acquire the remaining 79.62% of CCEC Ltd by issuing 1,214,495,585 shares of the Company as consideration.

REVIEW AND PROSPECTS

MAIN ACTIVITIES

The Group's principal activities during the period were the production of copper and zinc concentrates at its 40% owned mine at Dapingzhang in Yunnan Province, China, exploration activities at its 90% owned mine at Yinzishan in Yunnan Province, China and the contribution of profit from Regent Markets Holdings Limited ("**Regent Markets**").

On 18 September 2007, the Group raised net proceeds of HK\$333.2 million (US\$42.7 million) through Morgan Stanley & Co., International plc.

On 14 September 2007, the Group announced that it had entered into a share purchase agreement on 4 September 2007 to purchase 20.38% of the existing issued share capital of CCEC Ltd ("**CCEC**") and on 12 October 2007, Morgan Stanley, the financial adviser to the Company, made an offer to acquire the remaining 79.62% of the existing issued share capital of CCEC. On 28 November 2007, the Company has secured rights to acquire 100% of the existing CCEC share capital from the CCEC shareholders. The acquisition will bring to the Group, subject to satisfaction of the conditions precedent, including shareholders' approval at the extraordinary general meeting on 8 December 2007, CCEC's coal projects in China, particularly the Amerinvest projects, the Ji Ri Ga Lang project and other potential exploration properties in the coal sector. The proposed acquisition of CCEC will provide an opportunity for the Group to strengthen its position in the coal industry in China and create value for all its shareholders.

FINANCIAL RESULTS

The consolidated profit attributable to shareholders of the Company for the six months ended 30 September 2007 was US\$1.9 million (2006: US\$2.5 million). The main reason for the drop in profit was the write down in the Group's shareholding in Red Dragon Resources Corporation.

The Group's shareholders' equity increased by US\$50.7 million from 31 March 2007 to US\$70.8 million as at 30 September 2007. The increase is attributable to (i) the issuance of 293 million shares, (ii) the conversion of US\$4.4 million convertible bonds, (iii) the conversion of US\$0.5 redeemable convertible preference shares, (iv) the issuance of 15 million shares upon exercise of options and (v) profit of US\$1.9 million for the six-month period ended 30 September 2007.

REVIEW OF RESULTS AND OPERATIONS

YUNNAN SIMAO SHANSHUI COPPER COMPANY LIMITED (“YSSCCL”)

Safety

There were no lost time injuries since YSSCCL's incorporation to 30 September 2007.

Environment

There were no reportable environmental incidents in the period. Environmental Resources Management has completed a comprehensive mine wide environmental, health and safety plan, including the provision of training, which is now being implemented across the mine site.

Mining, Production and Costs

Set out below are the mining, production and costs for the six months to 30 September 2007.

TABLE 1

Copper Production Six months ended Sept 07 Units			Zinc Production Six months ended Sept 07 Units			Copper - Zinc Production Six months ended Sept 07 Units		
Ore mined	t	—	Ore mined	t	537,017	Ore mined	t	16,611
Grade Cu	%	—	Grade Zn	%	3.75	Grade Zn	%	6.16
						Grade Cu	%	2.38
Ore milled	t	81,244	Ore milled	t	142,343	Ore milled	t	63,559
Cu grade	%	1.39	Zn grade	%	7.01	Zn grade	%	6.27
						Cu grade	%	1.18
Cu recoveries	%	92.3	Zn recoveries	%	87.9	Zn recoveries	%	85.11
						Cu recoveries	%	54.14

TABLE 2

Concentrate Production and Sales		Units
Six months ended Sept 07		
Production		
Copper concentrate	t	7,800
Zinc concentrate	t	25,139
Concentrate Sales		
Copper concentrate	t	8,512
Zinc concentrate	t	15,105
Contained metal[~]		
Cu	t	1,683
Zn	t	7,665
Au	oz	931
Ag	oz	32,155

TABLE 3

Operating Costs for six months to 30 Sept 2007	
(Copper equivalent)	
All in US\$'000	Half year
(HKFRS adjusted)	to Sept 2007
Operating*	10,831
Transportation costs	443
By-product credit [^]	(732)
Total Cash Cost	10,542
Depreciation and amortization [#]	1,135
Total Production Cost	11,677

~ where there are payable terms

* Exploration and resource drilling expenditures are not included in mine site cash costs

[^] Revenue from gold and silver

[#] Includes amortisation of mine assets and exploration and resource drilling

For the six months to 30 September 2007 a total of 553,628 tonnes of ore were mined, predominantly from the Dawaz open pit, which is a zinc rich ore body. Production of a separate zinc concentrate commenced in July 2007 from the Dawaz zinc rich ore and average mill feed grades of over 6.5% zinc for the period of July 2007 to September 2007 were processed. Processing of copper zinc ore was also undertaken as a metallurgical trial during the period. As at the end of September 2007 there was 412,459 tonnes of ore on stockpile.

Total cash costs for the six months ended were US\$0.1372 per lb copper equivalent.

The average copper price and zinc price received in the six months ended 30 September 2007 was RMB 53,893 / tonne (approximately US\$7,186 / tonne) and RMB 16,667 / tonne (approximately US\$2,222 / tonne), respectively.

EXPLORATION

YSSCCL produced its third estimate of minerals resources as of September 2007 (a copy can be obtained from www.regentpac.com). A summary of the estimate is set out below:

The new JORC compliant Measured, Indicated and Inferred resources of the Dapingzhang project as estimated by Cube Consulting Pty Ltd (Cube) are as follows:

MINERALS RESOURCES STATEMENT AS AT SEPTEMBER 2007

	Dawaz Measured Resource					
	Million Tonnes (Mt)	Copper Grade (%Cu)	Zinc Grade (%Zn)	Gold Grade (Au g/t)	Silver Grade (Ag g/t)	Lead Grade (%Pb)
Massive	0.98	0.47	4.18	0.12	30.02	0.55
Disseminated	0	0	0	0	0	0
Total Massive & Disseminated	0.98	0.47	4.18	0.12	30.02	0.55

	Dapingzhang Indicated Resource						Dapingzhang Inferred Resource					
	Million	Copper	Zinc	Gold	Silver	Lead	Million	Copper	Zinc	Gold	Silver	Lead
	Tonnes	Grade	Grade	Grade	Grade	Grade	Tonnes	Grade	Grade	Grade	Grade	Grade
	(Mt)	(%Cu)	(%Zn)	(Au g/t)	(Ag g/t)	(%Pb)	(Mt)	(%Cu)	(%Zn)	(Au g/t)	(Ag g/t)	(%Pb)
Massive	12.31	1.63	1.67	0.50	20.52	0.24	0.30	1.0	1.6	0.2	9.6	0.1
Disseminated	30.20	0.55	0.03	0.10	3.56	0.01	0	0	0	0	0	0
Total Massive & Disseminated	42.51	0.86	0.50	0.22	8.47	0.08	0.30	1.0	1.6	0.2	9.6	0.1

	Total Dawaz & Dapingzhang Contained Metal Indicated and Inferred				
	Copper	Zinc	Gold	Silver	Lead
	('000 tonnes)	('000 tonnes)	('000 ounces)	('000 ounces)	('000 tonnes)
Massive	209	251	205	9154	36
Disseminated	165	9	102	3458	3
Total Massive & Disseminated	374	260	307	12612	39

The resource for the total Dapingzhang mine is based on 407 diamond drill holes at a nominal drill spacing of 50m x 50m, and in the Dawaz Pit a total of 213 reverse circulation holes at a nominal spacing of 12.5m x 12.5m. Total meterage drilled in the 2.75 km² mine license area is 105,678 metres of diamond drilling and 4,857 metres of reverse circulation drilling.

YSSCCL's second ore reserve is planned for first quarter 2008.

The coming months will see exploration conducted at Dapingzhang, Rongfa 1 and Yinzishan.

Dapingzhang

10 diamond drill holes of over 4,000 metres will be drilled over the next few months with the aim of testing the down dip extension of the ore body.

Rongfa 1

A geophysical program covering approximately 4 km² started in November 2007 to identify and prioritise drill targets. Completion is scheduled for March 2008 and if the results are positive, an exploration drilling program will start.

Yinzishan

After completion of a second geophysical program, certain drill targets have been identified and 5 diamond drill holes of approximately 1,500 metres will be drilled from December 2007.

REGENT MARKETS GROUP

Regent Markets has enjoyed a successful 2007, with turnover and profitability projected to match the record numbers of 2006. The group employs 40 staff across offices in Malta, the Isle of Man, and Malaysia, and benefits from being the market leader in the field of fixed-odds financial betting. The group's flagship website www.betonmarkets.com has won several awards. The group is in a strong position to continue its market lead in 2008.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend in respect of the six months ended 30 September 2007 (2006: nil).

TRADING RECORD OVER LAST FIVE YEARS

	(Unaudited)	(Audited)				
	Six months ended 30 September	Year ended 31 March (restated)				
	2007	2007	2006	2005	2004	2003
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Total income	<u>1,391</u>	<u>3,684</u>	<u>3,722</u>	<u>3,602</u>	<u>2,595</u>	<u>2,335</u>
Income less expenses	(2,414)	(2,981)	(5,312)	158	(2,001)	(1,905)
Finance costs – interest on convertible bonds and redeemable convertible preference shares	<u>(1,192)</u>	<u>(2,613)</u>	<u>(8)</u>	<u>—</u>	<u>—</u>	<u>—</u>
Operating (loss)/profit	(3,606)	(5,594)	(5,320)	158	(2,001)	(1,905)
Share of profits/(losses) of associates	315	1,828	13,001	(42,043)	7,089	(5,534)
Share of profit of a jointly controlled entity	<u>5,068</u>	<u>4,378</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Profit/(Loss) before taxation	1,777	612	7,681	(41,885)	5,088	(7,439)
Taxation	<u>—</u>	<u>—</u>	<u>—</u>	<u>(7)</u>	<u>—</u>	<u>163</u>
Profit/(Loss) for the year	1,777	612	7,681	(41,892)	5,088	(7,276)
Minority interests	124	(30)	(5)	(438)	(15)	16
Profit/(Loss) attributable to equity holders of the Company	<u>1,901</u>	<u>582</u>	<u>7,676</u>	<u>(42,330)</u>	<u>5,073</u>	<u>(7,260)</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE GROUP'S PERFORMANCE

REVENUE AND PROFITS

The Group recorded a profit after tax and minority interests of US\$1.90 million for the 6-month period ended 30 September 2007.

The jointly controlled entity and associate of the Group, Yunnan Simao Shanshui Copper Company Limited and Regent Markets Holdings Limited contributed a share of profit of US\$5.07 million and US\$0.32 million respectively to the Group for the 6-month period ended 30 September 2007. YSSCCL recorded a profit of RMB96.11 million (equivalent to US\$12.67 million) for the 6-month period ended 30 September 2007.

The fair value loss from investments for the 6-month period ended 30 September 2007 was US\$0.04 million due mainly to the marked-to-market decrease in the shares of Red Dragon Resources Corporation of US\$0.68 million. Of this US\$0.04 million fair value loss, US\$0.60 million represented realised profit and US\$0.64 million was unrealised loss.

The Group continued to monitor its operating costs closely. The majority of the operating expenses were the interest expenses of the convertible bonds and redeemable convertible preference shares amounting to US\$1.19 million for the 6-month period ended 30 September 2007.

The main elements of the profit are analysed as follows:

	<i>US\$ million</i>
Share of profit from YSSCCL	5.07
Share of profit from Regent Markets	0.32
Corporate investment	(1.91)
Mining	(0.39)
Finance cost	(1.19)
	<hr/>
Total profit attributable to shareholders	1.90
	<hr/>

BALANCE SHEET

The shareholders' equity increased significantly by 252.26% to US\$70.77 million as at 30 September 2007 from US\$20.09 million as at 31 March 2007. The increase was mainly due to (i) issue of 293 million new shares through a private placement resulting in a total increase of share capital and share premium of US\$42.73 million (net of placing commission and expenses), (ii) the conversion of the US\$4.39 million convertible bonds resulting in a total increase of share capital and share premium of US\$4.13 million, (iii) the conversion of US\$0.50 million redeemable convertible preference shares resulting in a total increase of share capital and share premium of US\$0.45 million, (iv) the issuance of 15 million shares upon exercise of options resulting in a total increase of share capital and share premium of US\$0.47 million and (v) the profit of US\$1.90 million for the 6-month period ended 30 September 2007.

The investments in YSSCCL of US\$27.09 million and Regent Markets of US\$3.11 million accounted for 38.28% and 4.39% of the shareholders' equity respectively. The Group's other assets comprised: (i) cash of US\$46.06 million, (ii) listed and unlisted investments of US\$5.00 million, (iii) goodwill of US\$1.88 million and (iv) other assets and receivables of US\$8.50 million.

The Group's liabilities comprised: (i) convertible bonds (liability portion) of US\$12.68 million, (ii) redeemable convertible preference shares (liability portion) of US\$5.23 million, (iii) finance lease obligation of US\$0.09 million and (iii) trade payables and others of US\$2.50 million.

FUTURE FUNDING

As at 30 September 2007, the Group had US\$46.06 million cash or 65.08% of its total shareholders' equity, which does not take into account the Group's holding of listed securities that amounted to US\$3.89 million.

On 28 September 2007, the Company completed the fund raising by placing 293,339,464 shares at the placing price of HK\$1.20 per share to raise gross cash proceeds of approximately HK\$352.01 million (approximately US\$45.13 million). Net cash proceeds of approximately HK\$333.23 million (approximately US\$42.73 million) were guaranteed after offsetting the placing commission and expenses.

On 3 September 2007, YSSCCL declared a dividend of RMB74.10 million for the period from 1 April 2006 (date of establishment) to 31 December 2006, from which RPG can receive RMB29.64 million (equivalent to US\$3.95 million).

On 31 March 2006, the Group issued US\$20 million Convertible Bonds. These funds were used to acquire the Group's 40% interest in YSSCCL. The Convertible Bonds are secured by a guarantee dated 31 March 2006 given by RML in favour of the security agent (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 YSSCCL, will be made; and a share charge dated 31 March 2006 given by Regent Metals (Jersey) Limited in favour of the Security Agent to secure RML's obligations under the Guarantee.

Save as above, there were no other material charges against the Group's assets as at 30 September 2007.

The Company's subsidiaries, associates and jointly controlled entity may require funding as their businesses develop. It is expected that the bulk of such funding will be obtained from external sources but, dependent upon the amount and the duration, funding will also be made available by the Group from its external resources.

MANAGEMENT OF RISK

The most significant risk affecting the profitability and viability of the Company is its 40% interest in YSSCCL, a Sino-foreign equity joint venture enterprise that produces copper and zinc concentrates with gold and silver credits.

CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 30 September 2007.

DIRECTORS' INTERESTS IN SECURITIES AND OPTIONS

As at 30 September 2007, the Directors of the Company had the following beneficial interests in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company or of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO")), which were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which were otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to The Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the HK Listing Rules:

1. SECURITIES OF THE COMPANY

a. Ordinary shares of US\$0.01 each

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares*	Approximate % holding**
James Mellon	A	Beneficial owner	Long position	43,216,180	2.22%
		Beneficiary of a trust	Long position	370,821,131	19.05%
Jamie Gibson		Beneficial owner	Long position	4,419,138	0.23%
Clara Cheung		Beneficial owner	Long position	1,200,000	0.06%
David Comba		—	—	—	—
Julie Oates		—	—	—	—
Patrick Reid		—	—	—	—
Mark Searle	B	Beneficial owner	Long position	4,194,444	0.22%
		Beneficiary of a trust	Long position	50,000	0.00%
John Stalker		—	—	—	—
Jayne Sutcliffe	C	Beneficial owner	Long position	17,160,465	0.88%
		Beneficiary of a trust	Long position	27,965,226	1.44%
Dr Youzhi Wei		—	—	—	—
Anderson Whamond	D	Beneficiary of a trust	Long position	5,826,088	0.30%
		Beneficial owner	Long position	7,500,000	0.39%
	D	Family interest	Long position	1,000,000	0.05%

- * *These numbers do not include the number of the shares to be issued upon conversion of the Redeemable Convertible Preference Shares and upon exercise of the outstanding options under the Share Option Scheme (2002) held by the Directors, which are disclosed in subparagraphs (b) and (c) below.*
- ** *The total issued ordinary share capital of the Company as at 30 September 2007 consisted of 1,946,694,959 shares. Following the issue and allotment of (i) an aggregate of 2,167,000 shares upon exercise of options under the Company's Share Option Scheme (2002); and (ii) an aggregate of 104,416,442 shares upon conversion of Convertible Bonds with a principal amount of US\$3.5 million (as referred to in note 10 to the financial statements in this report), the Company's issued ordinary share capital consists of 2,053,278,401 shares as at the date of this report.*

b. Redeemable Convertible Preference Shares of US\$0.01 each

On 11 October 2006, the Company entered into a subscription agreement with certain Directors of the Company and independent placees relating to the placing and issue by the Company of, and the subscription by the placees for, an aggregate of 6,250 dividend bearing non-voting redeemable convertible preference shares of US\$0.01 each ("**Redeemable Convertible Preference Shares**" as referred to in note 10.2 to the financial statements in this report) in the share capital of the Company at US\$1,000 per share in cash, which may give rise to the issue, in aggregate, of 168,103,449 ordinary shares at a conversion price of HK\$0.290 per share.

The 6,250 Redeemable Convertible Preference Shares were issued and allotted on 30 November 2006.

As at 30 September 2007, there were 5,500 Redeemable Convertible Preference Shares outstanding, which may be convertible into 147,931,035 ordinary shares. The Directors of the Company had the following beneficial interests in the Redeemable Convertible Preference Shares:

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % holding	Number of ordinary shares to be issued on conversion
James Mellon	A	Beneficiary of a trust	Long position	2,750	50.00%	73,965,517
Jamie Gibson	—	—	—	—	—	—
Clara Cheung	—	—	—	—	—	—
David Comba	—	Beneficial owner	Long position	50	0.91%	1,344,828
Julie Oates	—	Beneficial owner	Long position	100	1.82%	2,689,655
Patrick Reid	—	—	—	—	—	—
Mark Searle	—	Beneficial owner	Long position	100	1.82%	2,689,655
John Stalker	—	—	—	—	—	—
Jayne Sutcliffe	—	Beneficial owner	Long position	250	4.55%	6,724,138
Dr Youzhi Wei	—	—	—	—	—	—
Anderson Whamond	D	Beneficiary of a trust	Long position	250	4.55%	6,724,138

No Redeemable Convertible Preference Shares were converted into new ordinary shares subsequent to the period end date.

c. Options of the Company

Please refer to note 10.3 to the financial statements in this report as to the details of the Share Option Scheme (2002).

As at 30 September 2007, the following Directors of the Company had personal interests in options granted under the Share Option Scheme (2002), entitling them to subscribe for ordinary shares of US\$0.01 each in the capital of the Company in accordance with, and subject to, the terms of the scheme:

Name of Director	Date of grant	Total number of shares subject to the option #	Subscription price per share (HK\$)	Exercise period#	Number of shares subject to vested options #	Consideration for grant of option (HK\$)
Jamie Gibson	9 September 2004	11,000,000	0.266	9 September 2005 – 8 September 2014	11,000,000	10.00
	4 April 2006	45,600,000	0.300	4 April 2007 – 3 April 2016	15,200,000	10.00
Clara Cheung	4 April 2006	8,000,000	0.300	4 April 2007 – 3 April 2016	2,666,666	10.00
	14 December 2006	6,000,000	0.325	14 December 2007 – 13 December 2016	—	10.00
John Stalker	15 May 2007	12,000,000	0.780	15 May 2008 – 14 May 2017	—	10.00
Dr Youzhi Wei	15 May 2007	12,000,000	0.780	15 May 2008 – 14 May 2017	—	10.00

The options entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 10 years from the date of grant. All entitlements then remain unexercised will lapse.

As noted above, options in respect of 24,000,000 shares were granted during the six-month period ended 30 September 2007 to the Directors of the Company under the Share Option Scheme (2002). None of the outstanding options were exercised, cancelled or lapsed during the period.

On 2 October 2007:

- i. options were granted to James Mellon and David Comba entitling them to subscribe, in stages, for an aggregate of 18,000,000 shares at the exercise price of HK\$1.152 per share, which, pursuant to Rule 17.04(1) of the HK Listing Rules and the Rules of the Share Option Scheme (2002), are subject to approval by the shareholders of the Company at a general meeting; and
- ii. options were granted to Jamie Gibson, Clara Cheung and Patrick Reid entitling them to subscribe, in stages, for an aggregate of 22,000,000 shares at the exercise price of HK\$1.152 per share; and

Accordingly, as at the date of this report, the following Directors of the Company had personal interests in options granted under the Share Option Scheme (2002), entitling them to subscribe for ordinary shares of US\$0.01 each in the capital of the Company in accordance with, and subject to, the terms of the scheme:

Name of Director	Date of grant	Total number of shares subject to the option [#]	Subscription price per share (HK\$)	Exercise period [#]	Number of shares subject to vested options [#]	Consideration for grant of option (HK\$)
James Mellon	2 October 2007 [#]	13,000,000	1.152	2 October 2008 – 1 October 2017	—	10.00
Jamie Gibson	9 September 2004	11,000,000	0.266	9 September 2005 – 8 September 2014	11,000,000	10.00
	4 April 2006	45,600,000	0.300	4 April 2007 – 3 April 2016	15,200,000	10.00
	2 October 2007	13,000,000	1.152	2 October 2008 – 1 October 2017	—	10.00

Name of Director	Date of grant	Total number of shares subject to the option [#]	Subscription price per share (HK\$)	Exercise period [#]	Number of shares subject to vested options [#]	Consideration for grant of option (HK\$)
Clara Cheung	4 April 2006	8,000,000	0.300	4 April 2007 – 3 April 2016	2,666,666	10.00
	14 December 2006	6,000,000	0.325	14 December 2007 – 13 December 2016	—	10.00
	2 October 2007	7,000,000	1.152	2 October 2008 – 1 October 2017	—	10.00
David Comba	2 October 2007 ^{##}	5,000,000	1.152	2 October 2008 – 1 October 2017	—	10.00
Patrick Reid	2 October 2007	2,000,000	1.152	2 October 2008 – 1 October 2017	—	10.00
John Stalker	15 May 2007	12,000,000	0.780	15 May 2008 – 14 May 2017	—	10.00
Dr Youzhi Wei	15 May 2007	12,000,000	0.780	15 May 2008 – 14 May 2017	—	10.00

[#] *The options entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 10 years from the date of grant. All entitlements then remain unexercised will lapse.*

^{##} *Pursuant to Rule 17.04(1) of the HK Listing Rules and the Rules of the Share Option Scheme (2002), these options are subject to approval by the shareholders of the Company at a general meeting. The options shall, following the shareholders' approval, be deemed to have been granted and to have taken effect on the offer date.*

Save for the above, during the six-month period ended 30 September 2007 or prior to the date of this report, no Directors of the Company exercised any of their rights under the respective options granted to them pursuant to the Share Option Scheme (2002) and subscribed for shares in the Company; and no options were granted or cancelled or lapsed.

2. SECURITIES OF ASSOCIATED CORPORATIONS

a. Ordinary shares of US\$0.01 of AstroEast.com Limited (note E)

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % holding
James Mellon		—	—	—	—
Jamie Gibson		Beneficial owner	Long position	225,000	0.80%
Clara Cheung		—	—	—	—
David Comba		—	—	—	—
Julie Oates		—	—	—	—
Patrick Reid		—	—	—	—
Mark Searle		—	—	—	—
John Stalker		—	—	—	—
Jayne Sutcliffe		Beneficial owner	Long position	150,000	0.54%
Dr Youzhi Wei		—	—	—	—
Anderson Whamond		Beneficial owner	Long position	150,000	0.54%

b. Ordinary shares of US\$0.01 of bigsave Holdings plc (note E)

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % holding
James Mellon		—	—	—	—
Jamie Gibson		Beneficial owner	Long position	131,579	0.33%
Clara Cheung		—	—	—	—
David Comba		—	—	—	—
Julie Oates		—	—	—	—
Patrick Reid		—	—	—	—
Mark Searle		—	—	—	—
John Stalker		—	—	—	—
Jayne Sutcliffe	C	Beneficiary of a trust	Long position	350,000	0.88%
Dr Youzhi Wei		—	—	—	—
Anderson Whamond		Beneficial owner	Long position	350,000	0.88%

Notes:

- A. *The 370,821,131 ordinary shares in the Company are held by companies wholly owned by the trustee of a settlement, of which James Mellon is a beneficiary.*

The 2,750 Redeemable Convertible Preference Shares are held by a company wholly owned by this settlement.

- B. *The 50,000 ordinary shares in the Company are held to the order of a pension fund, of which Mark Searle is the sole beneficiary.*
- C. *The 27,965,226 ordinary shares in the Company and the 350,000 ordinary shares in bigsave Holdings plc are held by the trustee of a discretionary trust, under which Jayne Sutcliffe and members of her family may become beneficiaries.*
- D. *The 5,826,088 ordinary shares in the Company are held by a pension fund, of which Anderson Whamond is the sole beneficiary. The 1,000,000 ordinary shares in the Company are held by his wife.*

The 250 Redeemable Convertible Preference Shares are held by this pension fund.

- E. *AstroEast.com Limited and bigsave Holdings plc are indirect 50.99% and 64.26% owned subsidiaries of the Company respectively. The Company has no effective control over bigsave Holdings plc and its results and assets and liabilities were not consolidated into the Company's financial statements.*

Save as disclosed herein, as at 30 September 2007 none of the Directors (or their associates) had any beneficial interests or short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) or debentures of the Company or of any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests and short positions which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to the Model Code.

Save as disclosed herein, the Company or any of its associated corporations (within the meaning of Part XV of the SFO) did not grant to any Director of the Company (or their associates) any rights to subscribe for the equity or debt securities of the Company or of any of its associated corporations, or had there been any exercise of such options during the period or prior to the date of this report.

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2007, the following persons (other than James Mellon, whose interests are set out in detail under the section headed "Directors' Interests in Securities and Options") had the following beneficial interests in the shares of the Company, which were recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which were otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests which they were deemed or taken to have under such provisions of the SFO):

Name of shareholder	Note	Class of shares	Capacity in which the shares are held	Long/Short position	Total interests (Number of shares)	Approximate % holding**	Derivative interests (Number of shares)
Israel Alexander Englander	A&B	Ordinary shares	Interest of controlled corporation	Long position	311,779,306	16.02%	298,330,491
Integrated Holding Group, LP	A&B	Ordinary shares	Interest of controlled corporation	Long position	311,779,306	16.02%	298,330,491
Millennium Management, LLC	A&B	Ordinary shares	Interest of controlled corporation	Long position	311,779,306	16.02%	298,330,491
Richard Crawshaw	A&C	Ordinary shares	Interest of controlled corporation	Long position	155,693,430	8.00%	74,582,258
Clive Harris	A&C	Ordinary shares	Interest of controlled corporation	Long position	155,693,430	8.00%	74,582,258
Highbridge Capital Management LLC	A&C	Ordinary shares	Investment manager	Long position	155,693,430	8.00%	74,582,258
Highbridge GP, Ltd	A&C	Ordinary shares	Interest of controlled corporation	Long position	155,693,430	8.00%	74,582,258
Sir John Templeton	D	Ordinary shares	Interest by controlled corporation	Long position	136,662,280	7.02%	Nil
Templeton World Charity Foundation	D	Ordinary shares	Beneficial owner	Long position	37,991,000	1.95%	Nil
First Trust Bank Limited	D	Ordinary shares	Beneficiary of a trust	Long position	98,671,280	5.07%	Nil
Gladiator Assets Limited	D	Ordinary shares	Trustee	Long position	98,671,280	5.07%	Nil
		Ordinary shares	Investment manager	Long position	89,643,000	4.60%	Nil

** The total issued ordinary share capital of the Company as at 30 September 2007 consisted of 1,946,694,959 shares. Following the issue and allotment of (i) an aggregate of 2,167,000 shares upon exercise of options under the Company's Share Option Scheme (2002); and (ii) an aggregate of 104,416,442 shares upon conversion of Convertible Bonds with a principal amount of US\$3.5 million (as referred to in note 10 to the financial statements in this report), the Company's issued ordinary share capital consists of 2,053,278,401 shares as at the date of this report.

Notes:

- A. On 31 March 2006, the Company issued US\$20 million 12% guaranteed convertible bonds due 2009 (the “**Convertible Bonds**” as referred to in note 10.1 to the financial statements) pursuant to a purchase agreement dated 30 March 2006 entered into with (i) MLP Investments (Caymans), Ltd; (ii) Highbridge International LLC; (iii) Highbridge Asia Opportunities Master Fund, LP; and another independent third party. The Convertible Bonds may give rise to the issue, in aggregate, of 596,661,718 ordinary shares on conversion at a conversion price of HK\$0.2615 per share.

On 30 November 2006, the Company issued and allotted 6,250 dividend bearing non-voting redeemable convertible preference shares (“**Redeemable Convertible Preference Shares**” as referred to in note 10.2 to the financial statements) pursuant to a subscription agreement dated 11 October 2006 entered into with certain Directors of the Company, MLP Investments (Caymans), Ltd and other independent placees. The Redeemable Convertible Preference Shares may give rise to the issue, in aggregate, of 168,103,449 ordinary shares on conversion at a conversion price of HK\$0.290 per share.

Shown under “derivative interests” are the numbers of shares subject to the outstanding Convertible Bonds and Redeemable Convertible Preference Shares held by the respective bondholders/shareholders, which are included in their total interests.

- B. These shareholders disclosed the interests held by corporations controlled by the respective named shareholders. The disclosures referred to the same lot of interests, including the shares subject to the outstanding Convertible Bonds and Redeemable Convertible Preference Shares, held by MLP Investments (Caymans), Ltd.

Subsequent to the period end date, MLP Investments (Caymans), Ltd elected to convert Convertible Bonds with principal amount, in aggregate, of US\$3.5 million into 104,416,442 ordinary shares. Further, these shareholders filed notices with the Company with respect to disposal of certain shares. As at the date of this report, each of these shareholders is interested in 298,338,306 shares, of which 208,830,683 shares are of derivative interests.

- C. These shareholders disclosed the interests held by corporations controlled by or the investment manager of the respective named shareholders. The disclosures referred to the same lot of interests, including the shares subject to the outstanding Convertible Bonds held by Highbridge International LLC and Highbridge Asia Opportunities Master Fund, LP.

Subsequent to the period end date, these shareholders filed notices with the Company with respect to disposal of certain shares. As at the date of this report, each of these shareholders is interested in 141,571,430 shares, of which 74,582,258 shares are of derivative interests.

In addition, these shareholders filed notices disclosing the acquisition of 33,056,233 shares in the Company upon acceptance on 15 November 2007 by Highbridge International LLC and Highbridge Asia Opportunities Master Fund, LP of the offer made by the Company on 12 October 2007 to acquire their shares in CCEC Ltd (as announced by the Company on 14 September 2007 and 12 October 2007). The said 33,056,233 new shares in the Company will only be issued and allotted upon completion of the offer.

D. The disclosures referred to the same lot of interests.

These shareholders filed notices with the Company on 16 October 2007 with respect to their cessation to have discloseable interests in the Company under the SFO.

Save for such interests, the Directors are not aware of any other persons who, as at 30 September 2007, had beneficial interests and short positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company, which would have to be recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests and short positions which they were deemed or taken to have under such provisions of the SFO).

THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Code on Corporate Governance Practices (the “**Code on CG Practices**”) was introduced to Appendix 14 to the HK Listing Rules in November 2004 to take effect on 1 January 2005 (and applicable to accounting periods commencing on or after 1 January 2005), with an exception in respect of the provisions on internal controls, which took effect on 1 July 2005 (and applicable to accounting periods commencing on or after 1 July 2005). Appropriate actions were duly taken by the Directors for ensuring that the Company was in compliance of all code provisions in the Code on CG Practices.

The Company has applied the principles of the Code on CG Practices since their adoption on 1 January 2005 as mentioned above in a manner consistent with best practices of a listed issuer. The primary responsibility for ensuring that the Code on CG Practices is complied with rests with the Directors with the full support of the Company’s secretary and its executive management.

As far as the Directors are aware, the Company has complied with the code provisions set out in the Code on CG Practices during the six-month period ended 30 September 2007.

THE CODE FOR SECURITIES

TRANSACTIONS BY DIRECTORS AND EMPLOYEES

In compliance of Code Provision A.5.4 of the Code on CG Practices, a code for securities transactions by Directors and employees, on exactly the terms and required standard contained in the Model Code set out in Appendix 10 to the HK Listing Rules, was adopted by the Group on 31 March 2004. All Directors of the Company confirmed that they have complied with the Group's Code for Securities Transactions by Directors and Employees during the six-month period ended 30 September 2007.

Directors' interests in securities and options of the Company are set out in detail under the section headed "Directors' Interests in Securities and Options".

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance of Rule 3.10(1) of the HK Listing Rules, the Board currently comprises four independent non-executive Directors, namely David Comba, Julie Oates, Patrick Reid and Mark Searle, representing more than one-third of the Board. Each of the independent non-executive Directors has confirmed that he/she complies with the independence criteria set out in Rule 3.13. The Directors consider that all the independent non-executive Directors to be independent under these independence criteria and are capable to effectively exercise independent judgement. Amongst them, Julie Oates has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2).

In addition, Clara Cheung, an executive Director, is a qualified accountant responsible for oversight of the Group's financial reporting procedures, in compliance of Rule 3.24.

REVIEW BY THE AUDIT COMMITTEE

The interim financial statements of the Company for the six months ended 30 September 2007 have been reviewed by the audit committee of the Company ("**Audit Committee**").

The Audit Committee was established on 11 March 1999, with written terms of reference amended on 18 March 2005, in compliance of the code provisions in C.3 of the Code on CG Practices, and further revised on 5 January 2007 to incorporate issues relating to internal controls. The committee's purpose is to assist the Board in providing an independent review of the effectiveness of the financial reporting process and the internal control and risk management systems of the Company, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

In compliance of Rule 3.21 of the HK Listing Rules, the Audit Committee currently comprises the non-executive Chairman of the Board (James Mellon) and two independent non-executive Directors, namely Julie Oates and Mark Searle. The committee is chaired by Julie Oates. The Audit Committee is in compliance of Rule 3.21 of the HK Listing Rules.

The Audit Committee discharged their duties in accordance with their terms of reference with no exceptions reported.

Terms of reference of the Audit Committee are available on request.

INTERNAL CONTROL

Pursuant to Code Provision C.2.1 of the Code on CG Practices, the Audit Committee has engaged an independent professional firm to undertake a review of the Group's internal control systems, including its financial, operational and compliance functions. The process will also review the ongoing operational and investment risks within the Group. The recommendations provided by the professional firm will be considered by the Audit Committee and incorporated into the future review programme as appropriate.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the “**Remuneration Committee**”) was established on 5 November 2004, with its written terms of reference adopted on 18 March 2005 in compliance of the code provisions in B.1 of the Code on CG Practices. It currently comprises the non-executive Chairman of the Board (James Mellon) and two independent non-executive Directors, namely Julie Oates and Mark Searle, and is responsible to review and approve the remuneration packages of the Directors. The committee is chaired by James Mellon.

Terms of reference of the Remuneration Committee are available on request.

CHANGE OF FINANCIAL YEAR END

The Directors have resolved that the financial year end of the Company and the Group be changed to 31 December.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

No shares in the Company were purchased or sold by the Company or any of its subsidiaries during the six-month period ended 30 September 2007, whether on the HK Stock Exchange or otherwise. The Company has not redeemed any of its securities during the period.

PUBLICATION ON WEBSITES

This report is published on the websites of the Company (www.regentpac.com) and the HK Stock Exchange (www.hkex.com.hk).

On behalf of the Board of
Regent Pacific Group Limited

James Mellon
Chairman

Directors of the Company:

James Mellon (*Chairman*)*

Jamie Gibson (*Chief Executive Officer*)

Clara Cheung

David Comba[#]

Julie Oates[#]

Patrick Reid[#]

Mark Searle[#]

John Stalker*

Jayne Sutcliffe*

Dr Youzhi Wei*

Anderson Whamond*

* *Non-Executive Directors*

Independent Non-Executive Directors

Hong Kong, 7 December 2007