Regent Pacific Group Limited

(Incorporated in the Cayman Islands with limited liability)

INTERIM REPORT 2005

For the six months ended 30 September 2005

Results

The directors (the "**Directors**" or the "**Board**") of Regent Pacific Group Limited (the "**Company**" and collectively with its subsidiaries, the "**Group**") announce the unaudited results of the Group for the six months ended 30 September 2005, together with comparative figures for the corresponding period ended 30 September 2004, as follows:

Condensed Consolidated Income Statement

For the six months ended 30 September 2005

		(Unaudited) For the six months ended 30 September	
	Note	**2005** *US$'000*	**2004 Restated** *US$'000*
Turnover:	3		
Asset management and corporate finance		244	324
Corporate investment income and net realised and unrealised gains and losses on investments and derivatives		2,453	166
Internet retailing		—	—
Other income		20	29
		2,717	519
Expenses:			
Staff costs		(3,725)	(1,162)
Rental and office expenses		(85)	(94)
Information and technology expenses		(84)	(108)
Marketing costs and commissions		(49)	(17)
Professional fees		(335)	(211)
Investment advisory fee		(109)	(104)
Other operating expenses		(188)	(106)
Operating loss from ordinary activities	4	(1,858)	(1,283)
Share of profits/(losses) of associates		13,175	(12,973)
Profit/(Loss) before taxation		11,317	(14,256)
Taxation	5	—	—
Profit/(Loss) for the period		**11,317**	**(14,256)**
Attributable to:			
Equity holders of the Company		11,456	(14,256)
Minority interests		(139)	—
		11,317	**(14,256)**
Dividend	6	33,872	—
Earnings/(Loss) per share (US cent)	7		
— Basic		0.96	(1.20)
— Diluted		0.96	N/A

Condensed Consolidated Balance Sheet

As at 30 September 2005

	Note	(Unaudited) As at 30 September 2005 US$'000	(Audited) As at 31 March 2005 US$'000
Non-current assets:			
Fixed assets		43	49
Investments in associates		39,425	43,023
Financial assets at fair value through profit and loss	8	3,955	—
Investment in securities	9	—	6,491
Due from an associate		—	435
		43,423	49,998
Current assets:			
Cash and bank balances	10	1,273	1,063
Investment in securities	9	—	121
Derivative financial instruments	14	52	—
Trade receivable	11	125	146
Prepayments, deposits and other receivables		4,708	902
Due from an associate		7	—
		6,165	2,232
Current liabilities:			
Trade payable, accruals and other payables	12	(3,186)	(395)
Net current assets		2,979	1,837
Net assets		**46,402**	**51,835**
Share capital	13	11,939	11,936
Reserves		34,154	39,451
Shareholders' equity		**46,093**	**51,387**
Minority interests		309	448
Capital and reserves		**46,402**	**51,835**

Condensed Consolidated Cash Flow Statement

For the six months ended 30 September 2005

	(Unaudited) For the six months ended 30 September 2005 US$'000	2004 US$'000
Net cash used in operating activities	(5,360)	(1,894)
Net cash from investing activities	5,559	36,212
Net cash from/(used in) financing activities	11	(32,401)
Net increase in cash and cash equivalents	210	1,917
Cash and cash equivalents at the beginning of the period	1,063	703
Effects of currency fluctuations	—	140
Cash and cash equivalents at the end of the period	1,273	2,760
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	1,273	2,760

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 September 2005

(Unaudited)

2005	Share capital *US$'000*	Accumulated losses *US$'000*	Share premium *US$'000*	Employee share base payment reserve *US$'000*	Capital redemption reserve *US$'000*	Foreign currency exchange reserve *US$'000*	Total *US$'000*
At 1 April 2005	11,936	(60,589)	81,876	—	1,204	16,960	51,387
Foreign currency translation adjustment	—	—	—	—	—	(16,772)	(16,772)
Exercise of share options	3	—	8	—	—	—	11
Profit for the period	—	11,456	—	—	—	—	11,456
Employee share option benefits	—	—	—	11	—	—	11
At 30 September 2005	11,939	(49,133)	81,884	11	1,204	188	46,093

(Unaudited)

2004	Share capital *US$'000*	Accumulated losses *US$'000*	Share premium *US$'000*	Asset revaluation reserve *US$'000*	Capital redemption reserve *US$'000*	Foreign currency exchange reserve *US$'000*	Total *US$'000*
At 1 April 2004, as previously reported	11,904	(42,412)	114,309	3,735	1,204	8,529	97,269
Derecognition of negative goodwill	—	20,418	—	—	—	—	20,418
At 1 April 2004, as restated	11,904	(21,994)	114,309	3,735	1,204	8,529	117,687
Foreign currency translation adjustment	—	—	—	—	—	(715)	(715)
Disposal of property	—	3,735	—	(3,735)	—	—	—
Exercise of share options	32	—	34	—	—	—	66
Dividend	—	—	(32,467)	—	—	—	(32,467)
Loss for the period	—	(14,256)	—	—	—	—	(14,256)
At 30 September 2004	11,936	(32,515)	81,876	—	1,204	7,814	70,315

Notes to Condensed Interim Financial Statements

1. Basis of preparation and accounting policies

The condensed interim financial statements have been prepared in accordance with the requirements of The Rules Governing the Listing of Securities (the "**HK Listing Rules**") on The Stock Exchange of Hong Kong Limited (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 2005.

The accounting policies and methods of computation used in the preparation of this condensed consolidated financial information are consistent with those used in the annual financial statements for the year ended 31 March 2005 except that the Group has changed certain of its accounting policies following its adoption of new/revised Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards ("**new HKFRS**") which are effective for accounting periods commencing on or after 1 January 2005.

The interim financial information has been prepared in accordance with those HKFRS standards and interpretations issued and effective or issued and early adopted as at the time of preparing this information. The HKFRS standards and interpretations that will be applicable at 31 March 2006, including those that will be applicable on an optional basis, are not known with certainty at the time of preparing this interim financial information.

The change to the Group's accounting policies and the effect of adopting these new policies are set out in note 2 below.

2. Changes in accounting policies

(a) Effect of adopting new HKFRS

In 2005, the Group adopted the new/revised standards of HKFRS below, which are relevant to its operations. The 2004 comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Event after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates
HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 34	Interim Financial Reporting
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKFRS 2	Share-based Payment

In 2004, the Group early adopted the new/revised standards of HKFRS below.

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

The adoption of new/revised HKASs 1, 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 24, 27, 28, 32, 33, 34, 36, 37, 38, 39, HKFRS 2 and HKFRS 3 did not result in substantial changes to the Group's accounting policies. In summary:

— HKAS 1 has affected the presentation of minority interest, share of net after-tax results of associates and other disclosures.

— HKASs 7, 8, 10, 12, 14, 16, 17, 18, 19, 21, 24, 27, 28, 33, 34 and 37 had no material effect on the Group's policies.

— HKAS 21 had no material effect on the Group's policy. The functional currency of each of the consolidated entities has been re-evaluated based on the guidance to the revised standard.

— HKAS 24 has affected the identification of related parties and some other related-party disclosures.

— The adoption of HKASs 32 and 39 has resulted in a change in the accounting policy relating to the classification of financial assets at fair value through profit or loss. It has also resulted in the recognition of derivative financial instruments at fair value and the change in the recognition and measurement of trading activities.

— The adoption of HKFRS 2 has resulted in a change in the accounting policy for share-based payments. Until 31 March 2005, the provision of share options to employees did not result in an expense in the income statements. Effective on 1 April 2005, the Group expenses the cost of share options in the income statement. The adoption of the new accounting policy does not have material impact on the financial statements of the Group.

— The Group had changed certain of its accounting policies following the early adoption of HKFRS 3, HKASs 36 and 38 as at 1 April 2004. The early adoption of HKFRS 3 resulted in an increase in retained earnings of approximately US$20.4 million as at 1 April 2004. This was a result of the derecognition of the negative goodwill balance by an associate as at that date.

All changes in the accounting policies have been made in accordance with the transition provisions in the respective standards. All standards adopted by the Group require retrospective application other than:

— HKAS 16 - the initial measurement of an item of property, plant and equipment acquired in an exchange of assets transaction is accounted at fair value prospectively only to future transactions;

— HKAS 21 - prospective accounting for goodwill and fair value adjustments as part of foreign operations;

— HKAS 39 - does not permit to recognise, derecognise and measure financial assets and liabilities in accordance with the standard on a retrospective basis. The Group applied the previous Statement of Standard Accounting Practice ("**SSAP**") 24 "Accounting for investments in securities" to investments in securities for the 2004 comparative information. The adoption of the new standard does not have any material impact on the retained earnings of the Group at 1 April 2005 since the other investments were stated at fair value at 31 March 2005;

— HKFRS 2 - only retrospective application for all equity instruments granted after 7 November 2002 and not vested at 1 April 2005; and

— HKFRS 3 - prospectively after the adoption date.

(B) New accounting policies

The accounting policies used for the condensed consolidated financial statements for the six months ended 30 September 2005 are the same as those set out in note 2 to the 2005 annual financial statements except for the following:

2.1 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

(c) Group companies

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

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

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

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

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold, such exchange differences are recognised in the income statement as part of the gain or loss on sale.

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

2.2 *Property, plant and equipment*

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

2.3 *Impairment of assets*

Assets that have an indefinite useful life are not subject to amortisation, which are at least tested annually for impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.4 *Investments*

From 1 April 2004 to 31 March 2005:

Investments are classified as investment securities and other investments.

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

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

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

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

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

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

From 1 April 2005 onwards:

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

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

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

(b) Loan and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of trading the receivable. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets. Loans and receivables are included in trade and other receivables in the balance sheet (note 2.5).

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. During the period, the Group did not hold any investments in this category.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

As at 30 September 2005, the Group did not have any available-for-sale financial assets.

Purchases and sales of investments are recognised on trade-date - the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards or ownership. Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Realised and unrealised gains and losses arising from changing in the fair value of the "financial assets at fair value through profit or loss" category are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the income statement as gains or losses from investment securities.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the securities below its cost is considered in determining whether the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instrument are not reversed through income statement.

2.5 Trade and other receivables

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

2.6 *Share capital*

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

2.7 *Share-based compensation*

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

2.8 *Interest income*

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

2.9 *Accounting for derivative financial instruments*

From 1 April 2004 to 31 March 2005:

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

From 1 April 2005 onwards:

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

3. Segmented information

Primary reporting format - business segments

Segmented information is presented in respect of the Group's business and geographical segments. Business segmented information is chosen as the primary reporting format because this is more relevant to the Group in making operating and financial decisions.

The Group comprises four business segments as follows:

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

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

An analysis of the Group's revenue and results for the period by business segments is as follows:

For the six months ended 30 September 2005

	(Unaudited)						
	Asset management *US$'000*	Corporate finance *US$'000*	Corporate investment *US$'000*	Internet retailing *US$'000*	Inter-segment elimination *US$'000*	Unallocated *US$'000*	Consolidated *US$'000*
Revenue from external customers	264	—	2,453	—	—	—	2,717
Inter-segment revenue	1	—	2	—	(3)	—	—
	265	—	2,455	—	(3)	—	2,717
Segment results	(1,870)	(427)	442	(3)	—	—	(1,858)
Unallocated operating expenses							—
Loss from operations							(1,858)
Share of profits of associates							13,175
Taxation							—
Profit for the period							11,317

For the six months ended 30 September 2004

	(Unaudited)						
	Asset management *US$'000*	Corprate finance *US$'000*	Corporate investment *US$'000*	Internet retailing *US$'000*	Inter-segment elimination *US$'000*	Unallocated *US$'000*	Consolidated *US$'000*
Revenue from external customers	353	—	166	—	—	—	519
Inter-segment revenue	1	—	1	—	(2)	—	—
	354	—	167	—	(2)	—	519
Segment results	(574)	(58)	(646)	(3)	—	(2)	(1,283)
Unallocated operating expenses							—
Loss from operations							(1,283)
Share of losses of associates							(12,973)
Taxation							—
Loss for the period							(14,256)

The segment assets and liabilities at 30 September 2005 and capital expenditure for the six months then ended are as follows:

	(Unaudited)					
	Asset management *US$'000*	**Corporate finance** *US$'000*	**Corporate Investment** *US$'000*	**Internet retailing** *US$'000*	**Others** *US$'000*	**Consolidated** *US$'000*
Segment assets	**302**	**51**	**4,930**	**4**	**4,876**	**10,163**
Investment in associates	**—**	**—**	**—**	**—**	**39,425**	**39,425**
Total assets	**302**	**51**	**4,930**	**4**	**44,301**	**49,588**
Segment liabilities	**82**	**23**	**18**	**3**	**3,060**	**3,186**
Depreciation and amortisation	**9**	**—**	**—**	**—**	**—**	**9**
Capital expenditure	**3**	**—**	**—**	**—**	**—**	**3**

The segment assets and liabilities at 31 March 2005 and capital expenditure for the year then ended are as follows:

	(Unaudited)					
	Asset management *US$'000*	**Corporate finance** *US$'000*	**Corporate Investment** *US$'000*	**Internet retailing** *US$'000*	**Others** *US$'000*	**Consolidated** *US$'000*
Segment assets	558	53	7,178	5	1,413	9,207
Investment in associates	—	—	—	—	43,023	43,023
Total assets	558	53	7,178	5	44,436	52,230
Segment liabilities	85	27	34	6	243	395
Depreciation and amortisation	18	—	—	—	—	18
Capital expenditure	52	—	—	—	—	52

Secondary reporting format – geographical segments

The Group's business is managed on a world-wide basis. Asia Pacific is a major market for its asset management business while North America and Western Europe are the major markets for 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 period ended 30 September 2005

	North America *US$'000*	**Asia Pacific** *US$'000*	**Western Europe** *US$'000*	**Total** *US$'000*
Revenue from external customers	**171**	**2,452**	**94**	**2,717**
Capital expenditure incurred during the period	**—**	**3**	**—**	**3**

For the period ended 30 September 2004

	North America US$'000	Asia Pacific US$'000	Western Europe US$'000	Total US$'000
Revenue from external customers	3	507	9	519
Capital expenditure incurred during the period	—	52	—	52

4. Operating loss from ordinary activities

	(Unaudited) For the six months ended 30 September 2005 US$'000	2004 US$'000
After charging:		
Auditors' remuneration	27	61
Bad debts written off	—	38
Depreciation on owned fixed assets	9	11
Loss on disposal of fixed assets	—	10
Operating lease rental on property	43	62
Net realised loss on derivative financial instruments*	70	—
Net unrealised loss on non-current other investments*	—	138
Staff costs	3,725	1,162
After crediting:		
Net realised profit on disposal of current other investments*	—	88
Net realised profit on disposal of non-current other investments*	—	182
Net realised profit on disposal of financial assets at fair value through profit and loss*	2,199	—
Net realised profit on derivative financial instruments*	—	22
Interest income on bank deposits*	8	2
Dividend income from investments*	46	—
Net unrealised profit on derivative financial instruments*	52	—
Net unrealised profit on financial assets at fair value through profit and loss*	224	—
Net unrealised profit on current other investments*	—	31

* *Included in turnover*

5. 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 associates' taxation for the six months ended 30 September 2005 of US$1,224,000 (2004: US$314,000) are included in the income statement as share of profits/(losses) of associates.

6. DIVIDEND

	(Unaudited) For the six months ended 30 September 2005 US$'000	2004 US$'000
Special interim, proposed, of 2.837 US cents (2004: Nil) per share	33,872	—
	33,872	—

Note: On 27 October 2005, the Directors proposed a dividend of 22 HK cents (or 2.837 US cents) per share for the year ending 31 March 2006. This proposed dividend is not reflected as a dividend payable in this condensed financial information, but will be reflected as an appropriation of share premium for the year ending 31 March 2006.

7. EARNINGS/(LOSS) PER SHARE

a. The calculation of basic earnings/(loss) per share is based on the profit attributable to equity holders of the Company for the period of US$11,456,000 (2004: loss of US$14,256,000) and on the weighted average of 1,193,640,706 (2004: 1,187,955,402) shares of the Company in issue during the period.

b. The diluted earnings per share for the period ended 30 September 2005 is based on the profit attributable to equity holders of the Company for the period of US$11,456,000 and on 1,196,507,068 shares, which is the weighted average number of shares in issue during the period of 1,193,640,706 shares plus the weighted average number of 2,866,362 shares deemed to be issued at no consideration if the Company's outstanding share options had been exercised. No diluted loss per share is presented for the period ended 30 September 2004 as the outstanding share options are anti-dilutive.

8. Financial assets at fair value through profit and loss

	(Unaudited) As at 30 September 2005 *US$'000*
At 1 April 2005	6,612
Additions	533
Disposals	(3,414)
Unrealised profit	224
At 30 September 2005*	3,955

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

	(Unaudited) As at 30 September 2005 *US$'000*
Listed securities	
equity security – Canada	1,358
equity security – UK	75
equity security – US	125
Unlisted securities	
club debenture, at cost	19
equity security	2,378
	3,955

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

9. Investment in securities

Non-current investments:

	(Audited) As at 31 March 2005 US$'000
Investment securities, at cost:	
Club debentures	19
Other investments, at fair value:	
Listed equity securities	
— in Hong Kong	1,704
— outside Hong Kong	2,218
Unlisted equity securities	2,550
	6,472
	6,491

Current investments:

	(Audited) As at 31 March 2005 US$'000
Other investments, at fair value:	
Listed equity securities – outside Hong Kong	113
Unlisted equity securities	8
	121

All the above other investments are in corporate entities.

10. Cash and bank balances

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

	(Unaudited) As at 30 September 2005 *US$'000*	(Audited) As at 31 March 2005 *US$'000*
Cash and balances with banks	691	377
Money at call and short notice	582	686
Total cash and bank balances	1,273	1,063

A subsidiary of the Group maintains trust accounts with banks as part of its normal business transactions. As at 30 September 2005, included in the Group's cash and balances with banks were trust accounts of US$28,000 (31 March 2005: US$28,000).

11. Trade receivable

	(Unaudited) As at 30 September 2005 *US$'000*	(Audited) As at 31 March 2005 *US$'000*
1 to 3 months old	103	123
More than 3 months old but less than 12 months old	22	23
Total trade receivable	125	146

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

12. Trade payable, accruals and other payables

	(Unaudited) As at 30 September 2005 US$'000	(Audited) As at 31 March 2005 US$'000
Due within 1 month or on demand	2	2
More than 6 months	84	87
Total trade payable	86	89
Accruals and other payables	3,100	306
Total trade payable, accruals and other payables	3,186	395

Included in trade payables were those payables placed in trust accounts which amounted to US$28,000 as at 30 September 2005 (31 March 2005: US$28,000).

13. Share capital

	(Unaudited) As at 30 September 2005 US$'000	(Audited) As at 31 March 2005 US$'000
Authorised:		
2,000,000,000 ordinary shares of US$0.01 each	20,000	20,000
550,000,000 unclassified shares of US$0.01 each, which may be issued as ordinary shares or as non-voting convertible deferred shares of US$0.01 each	5,500	5,500
	25,500	25,500
Issued and fully paid:		
1,107,226,089 (31 March 2005: 1,106,900,089) ordinary shares of US$0.01 each	11,072	11,069
86,728,147 non-voting convertible deferred shares of US$0.01 each	867	867
	11,939	11,936

During the six months ended 30 September 2005, an aggregate of 326,000 new ordinary shares were issued and allotted for a total consideration of HK$86,716 (approximately US$11,117), being HK$0.266 per share, upon exercise of options under the Share Option Scheme (2002) of the Company (referred to below in this note).

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

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

Rights of the Deferred Shares

The Deferred Shares shall rank for dividends pari passu to ordinary shares of the Company from time to time in issue. Each Deferred Share shall confer on the holder thereof pari passu rights to ordinary shares on a winding up or other return of capital.

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

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

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

During the six months ended 30 September 2005, no Deferred Shares were converted into ordinary shares (2004: Nil). No Deferred Shares were converted into ordinary shares subsequent to 30 September 2005 or prior to the date of this report.

Share options

The Company has two share option schemes:

a. Share Option Scheme (2002)

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

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.

As at 1 April 2005, under the Share Option Scheme (2002) there were outstanding options entitling the holders to subscribe, in stages in accordance with their respective vesting schedules, for an aggregate of 20,600,000 ordinary shares at the exercise price of HK$0.266 per share (1 April 2004: Nil), representing 1.86% (1 April 2004: Nil) of the Company's then issued voting share capital and 1.83% (1 April 2004: Nil) of the enlarged voting share capital. All such outstanding options were not vested (1 April 2004: Nil). During the six months ended 30 September 2005, no options were granted (2004: options in respect of 21,400,000 shares) or cancelled (2004: Nil) or lapsed (2004: Nil). Vested options in respect of an aggregate of 326,000 shares were exercised at HK$0.266 per share (2004: Nil). Accordingly, as at 30 September 2005 and the date of this report, there were/are outstanding options entitling the holders to subscribe, in stages, for an aggregate of 20,274,000 ordinary shares (30 September 2004: 21,400,000 shares) at the exercise price of HK$0.266 per share, representing 1.83% (30 September 2004: 1.93%) of the Company's issued voting share capital as at 30 September 2005 and 1.80% (30 September 2004: 1.90%) of the enlarged voting share capital. Amongst the outstanding options, options in respect of an aggregate of 6,540,663 shares or 32.26% were/are vested (30 September 2004: Nil). Exercise in full of the outstanding options would result in the issue of 20,274,000 additional ordinary shares for aggregate proceeds, before expenses, of HK$5,392,884 (approximately US$691,395).

Following the issue and allotment of an aggregate of 107,992,423 Scrip Dividend Shares (as referred to above in this note) on 16 December 2005, the outstanding options represent 1.67% of the Company's existing issued voting share capital and 1.64% of the enlarged voting share capital as at the date of this report.

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

i. *Directors, Chief Executive and substantial shareholders*

As at 1 April 2005, there were outstanding options, which were granted on 9 September 2004, entitling the Chief Executive Officer (also an executive Director) and an 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. No options were granted, exercised or cancelled or lapsed during the six months ended 30 September 2005 or prior to the date of this report.

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. *Participants in excess of individual limit*

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 Rule 17.03(4) of the HK Listing Rules.

iii. *Full-time employees*

As at 1 April 2005, there were outstanding options, which were granted on 9 September 2004, entitling the full-time employees of the Group (excluding the Directors of the Company) to subscribe, in stages, for an aggregate of 6,100,000 ordinary shares at the exercise price of HK$0.266 per share. On 23 September 2005, vested options in respect of an aggregate of 326,000 shares were exercised at HK$0.266 per share. The closing price of the shares of the Company immediately before the date on which the options were exercised was HK$0.30. Accordingly, as at 30 September 2005 and the date of this report, there were/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 5,774,000 ordinary shares at the exercise price of HK$0.266 per share.

iv. Suppliers of goods and services

No options were granted to or held by suppliers of goods and services of the Company at any time during the period or prior to the date of this report.

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 period or prior to the date of this report.

b. Employee Share Option Scheme

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

As at 1 April 2005, an outstanding and vested option under the Employee Share Option Scheme entitled its holder to subscribe on or before 11 October 2005 for 200,000 (1 April 2004: 6,063,333) ordinary shares at the exercise price of HK$1.06 per share, representing 0.02% (1 April 2004: 0.55%) of the Company's then issued voting share capital and 0.02% (1 April 2004: 0.38%) of the enlarged voting share capital. As the scheme was terminated on 15 November 2005, no new options were granted during the six months ended 30 September 2005 (2004: Nil). No options were cancelled (2004: Nil) or lapsed (2004: options in respect of 2,683,333 shares lapsed) during the period. Accordingly, as at 30 September 2005, there was an outstanding and vested option entitling its holder to subscribe on or before 11 October 2005 for 200,000 (2004: 300,000) ordinary shares at the exercise price of HK$1.06 per share, representing 0.02% (2004: 0.03%) of the Company's then issued voting share capital and the enlarged voting share capital. The option lapsed on 11 October 2005. Accordingly, as at the date of this report, there are no outstanding options under the Employee Share Option Scheme.

Particulars of the options held under the Employee Share Option Scheme during the period by various participants are as follow:

i. Directors, Chief Executive and substantial shareholders

As at 1 April 2005, no outstanding options were held by any Directors or the Chief Executive Officer of the Company under the Employee Share Option Scheme. As the scheme was terminated on 15 November 2005, no new options were granted during the six months ended 30 September 2005 or prior to the date of 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. *Participants in excess of individual limit*

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 Rule 17.03(4) of the HK Listing Rules.

iii. *Full-time employees*

As at 1 April 2005, there was an outstanding and vested option, which was granted on 12 October 2000, entitling a full-time employee of the Group (not being a Director of the Company) to subscribe on or before 11 October 2005 for 200,000 ordinary shares at the exercise price of HK$1.06 per share. As the scheme was terminated on 15 November 2005, no new options were granted during the six months ended 30 September 2005. Accordingly, as at 30 September 2005, there was an outstanding and vested option entitling a full-time employee of the Group (not being a Director of the Company) to subscribe on or before 11 October 2005 for 200,000 ordinary shares at the exercise price of HK$1.06 per share. The option lapsed upon expiry of the exercise period. Accordingly, as at the date of this report, no outstanding options are held by full-time employees of the Group (excluding Directors of the Company) under the Employee Share Option Scheme.

iv. *Suppliers of goods and services*

No options were granted to or held by suppliers of goods and services of the Company at any time during the period or prior to the date of this report.

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 period or prior to the date of this report.

Whenever options are granted, the Directors make a valuation of the options granted under the share option schemes under a modified Black Scholes option pricing model. This calculates a theoretical valuation assuming that the options involved are freely tradable.

Within this model, certain assumptions are made with respect to: (a) the volatility of the Company's share price by using a period of 260 trading days prior to the grant of the options; (b) the risk-free interest rate by using the interest rate of the Exchange Fund Notes as issued by Hong Kong Monetary Authority at the grant date of the option; (c) the expected dividend yield by reference to the historical dividend payments and the historical share price movements; and (d) the expected life of the options by using a period of 10 years being the maximum life of the options.

The fair value calculation is inherently subjective and uncertain due to the assumptions made and the limitation of the model.

No options were granted under the share option schemes of the Company during the period.

14. Derivatives financial instruments

At 30 September 2005, there were outstanding forwards and futures trading contracts with notional amounts approximately to US$3,179,000 (2004: Nil) and US$474,000 (2004: US$421,000) respectively undertaken by the Group in the foreign exchange and equity market.

A realised loss of US$56,000 (2004: profit of US$34,000) and US$14,000 (2004: US$12,000) were made from forwards and futures trading contracts respectively during the period.

As at 30 September 2005, the Group recorded an unrealised profit of US$48,000 and US$4,000 from forwards and futures trading respectively which were recorded as derivative financial instruments on the balance sheet. As at 31 March 2005, the Group recorded an unrealised profit of US$55,000 and US$17,000 from forwards and futures trading respectively which were included in the "prepayment, deposits and other receivables" on the balance sheet

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 and were included in the "prepayment, deposits and other receivables" on the balance sheet. As at 30 September 2005, the amount of these margin deposits was US$216,000 (31 March 2005: US$275,000).

15. Off balance sheet exposures

Lease commitments

	(Unaudited) As at 30 September 2005 *US$'000*	(Audited) As at 31 March 2005 *US$'000*
At 30 September 2005, the total future minimum lease payments under non-cancellable operating leases are payable as follows:		
Property:		
— within 1 year	97	97
— in the 2nd to 5th year, inclusive	59	102
	156	199

Capital commitments

The Company has no capital commitments at 30 September 2005 other than the commitment disclosed in Note 17(a).

16. Material related party transactions

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

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

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

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

SWIB currently holds a 7.46% interest in the total issued voting share capital of the Company and a 26.8% interest in the total issued share capital of BIH.

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

An aggregate of US$30,000 was received during the six months ended 30 September 2005 and US$5,000 was received subsequent to the period end date and prior to the date of this interim report.

(3) On 24 June 2005, a call option agreement (the "**Call Option Agreement**") was entered into amongst certain subsidiaries of BIH (the "**BIH Subsidiaries**"), RPCA(L) Limited ("**RPCA**") and SWIB (collectively the "**Sellers**") and Golden Bridge Co., Ltd (the "**Purchaser**"), pursuant to which the Sellers agreed to grant a call option over the 62,341,329 shares then held by the Sellers in Bridge Securities Co., Ltd ("**BSC**") to the Purchaser at an initial consideration of KRW 3.81 billion (or US$3.8 million) in cash (the "**Initial Consideration**") which was paid by the Purchaser to the Sellers on 29 June 2005. The BIH Subsidiaries and RPCA received KRW 3.4 billion (or US$3.4 million) and KRW 0.02 billion (or US$0.02 million) respectively from the Initial Consideration.

A share sale option agreement (the "**Share Sale Option Agreement**") relating to the sale of 62,341,329 BSC shares was entered into on 13 July 2005 amongst BIH, the BIH Subsidiaries, the Purchaser and others, which replaced the Call Option Agreement. Pursuant to the Share Sale Option Agreement, BIH, among others, agreed to sell to the Purchaser its BSC shares (such shares were reduced by 41.2231177%, representing the number of shares purchased by BSC pursuant to the mandatory capital reduction completed on 20 September 2005), at a total consideration of KRW 33.98 billion (or US$33.46 million).

17. Post Balance Sheet events

(a) On 23 June 2005 the Group entered into a cooperation agreement between the Company, Regent Metals Holdings Limited ("**RMHL**", formerly called Red Dragon Resources Corporation), Finistere Limited and Stephen Dattels, pursuant to which the Group paid US$3.5 million for an 80% interest in RMHL. RMHL has remitted US$3 million into a temporary acquisition account in The People's Republic of China (the "**PRC**"), which will be transferred into the capital account of the Joint Venture Company (as defined below) as a part of the capital contribution by Regent Metals Limited ("**RML**", the wholly owned subsidiary of RMHL) if the Joint Venture Company is established. However, if the conditions are not satisfied for establishing the Joint Venture Company, the US$3 million will be returned to RML. In the event that the Joint Venture Company is established but RML fails to pay its capital contribution in full in accordance with the time limits stated in the joint venture contract, and any non-defaulting party does not select to terminate the joint venture contract in accordance with clause 12.1(f) of the said contract, such non-defaulting party shall have the right to purchase all the capital interests of RML. In this case, the purchase price shall be 90% of the capital contribution paid by RML (i.e. 90% of US$3 million).

On 7 November 2005, RML entered into a commitment agreement with Yuxi Resources Corporation ("**YRC**") and Simao Shanshui Minerals Ltd ("**SSM**") relating to the establishment of a Sino-foreign equity joint venture enterprise (the "**Joint Venture Company**") to co-explore and co-develop certain mineral resources in the PRC subject to the satisfaction of certain conditions. RML will contribute RMB 160 million (or US$20 million) into the Joint Venture Company, representing a 40% equity interest in the Joint Venture Company.

On 16 December 2005, the Company has appointed Regent Mercantile Bancorp Inc. as exclusive agent for a private placement of up to US$20 million of securities of a wholly-owned subsidiary of RMHL (the "**Offering**"). The Offering will be marketed on a best efforts basis to qualified investors in certain jurisdictions subject to obtaining all the necessary regulatory approvals. The Offering is expected to complete by 31 January 2006 with closing happening on or around 3 February 2006.

(b) BIH declared a dividend of US$2.0925 per share on 10 October 2005. The dividend was paid in cash to all BIH shareholders on 17 October 2005 and, accordingly, the Group has received US$37.7 million which was recorded as dividend income and a corresponding reduction in the investments in associates on that date. The BIH group is in the process of being placed into voluntary liquidation.

18. Contingent liabilities

The Group was not involved in any material litigation or disputes during the six months ended 30 September 2005.

Review and Prospects

The Group recorded a profit attributable to shareholders of US$11.5 million (2004: loss of 14.3 million) for the six-month period ended 30 September 2005, representing earnings per share of 0.96 US cent (2004: loss per share 1.20 US cents). The profit was mainly attributable to the Group's share of profit after tax of US$13.5 million (after adjustment in accordance with the Group's accounting policy) from its associate, Bridge Investment Holding Limited. BIH recorded a profit attributable to shareholders of US$33.6 million for the six-month period ended 30 September 2005. Another associate of the Group, Regent Markets Holdings Limited, has contributed a share of loss of US$317,000 to the Group for the six-month period ended 30 September 2005.

The revenue of the corporate investment business division increased significantly to US$2.5 million (2004: US$0.2 million), while the revenue of the asset management business division was reduced to US$0.3 million (2004: US$0.4 million), which was primarily due to the further reduction in assets under management.

The shareholders' equity decreased slightly by 10.3% to US$46.1 million from US$51.4 million as at 31 March 2005 and BIH accounts for approximately 82.9% of the Group's total shareholders' equity as at 30 September 2005. The remaining Group assets comprise: (i) cash of US$1.27 million and (ii) other corporate investments of US$6.61 million.

Set out below is a brief summary of the main elements of the profit attributable to shareholders as follows:

	US$ million
Share of profit connected with BIH	13.5
Corporate investments	0.4
Asset management	(1.9)
Other operating income	(0.5)
Total profit attributable to shareholders	11.5

In terms of the consolidated balance sheet, the main elements consist of:

	US$ million
Stake in BIH	38.2
Other net assets	7.9
Total net assets	46.1

On 17 October 2005, the Company received a dividend of US$37.7 million from BIH. On 18 November 2005, the Company's shareholders approved the payment of a special interim dividend of 22 HK cents per share. On the basis of the Company's then existing issued share capital, payment of the special interim dividend amounted to approximately US$33.8 million. Accordingly, the Directors have approved a distribution representing approximately 90% of the proceeds received from BIH, which is in line with the Directors' stated intention concerning distributions received from BIH. The dividend was paid on 16 December 2005.

During the period and up to the date of this report, 326,000 new ordinary shares were issued pursuant to the exercise of share options (2004: 3.18 million shares). No share options were granted during the period concerned.

Joint Venture with Simao Shanshui Minerals Ltd and Yuxi Resources Corporation

As previously announced, the Group will acquire a 40% stake in the Dapingzhang copper producing mine in Yunnan Province through a joint venture contract with Simao Shanshui Minerals Ltd and Yuxi Resources Corporation. The joint venture contract has been initialled by the parties and submitted for approval to the approving authorities in China.

Under the terms of the contract, the Group will invest in a Sino-foreign equity joint venture enterprise together with SSM, the current owner and operator of the mine, and YRC, an associate of Yunnan Copper Industry (Group) Co., Ltd, a state-owned enterprise.

Total capitalisation of the Joint Venture Company will be RMB400 million (approximately US$50 million), which will be contributed by the joint venture partners pro rata to their share of the equity capital. YRC, which will hold 50%, SSM and the Group will invest cash of RMB200 million, RMB40 million and RMB160 million, respectively.

The Group commissioned Peter Cowdery, an independent mining engineer, to produce a preliminary economic evaluation report on the Dapingzhang mine project. In the report the expert has done a thorough analysis of the project using several operating scenarios and made a number of assumptions including, but not limited to, the future price of copper, the size of the mineralization, milling capacity, mineralization quality and the capital expenditure required to expand the mine in conjunction with an assessment of the relevant risks.

Dapingzhang is in Simao County, 340km southwest of Kunming, the capital of Yunnan Province. Based on historical geological and assay data, the potential resource of the mine site is estimated to be over 63 million tonnes with an average grade of 0.76% copper, or 7.6kg of copper per tonne with a possible strip ratio 5.3:1. However, this estimate does not meet international standards for resource/reserve calculations. The current head grades of the four mills are variable, but assay results indicate that they commonly contain over 1% copper per tonne. In addition, significant amounts of recoverable lead, zinc, gold and silver are also contained in the mineralization.

The mineralization is of two types: semi-massive to massive sulphide-type mineralization, grading on average 2% copper per tonne and containing credits of zinc, lead, gold and silver and stringer-type mineralization, grading on average 0.6% copper per tonne with a significant gold credit. SSM's four mills, all of which will be purchased by the Joint Venture Company, process both mineralization types. Copper recoveries are excellent, at 92-93% copper. In the short term, the plan is to optimize grades, mill feed and implement other operational improvements in order to maximize the net smelter return from the sale of the concentrate and thereby increase profitability.

Phase 1 of the infill drilling programme is underway to verify portions of the resource base and to determine by 31 January 2006 that there is at least 10 million tonnes of mineable copper reserves, compliant with international standards.

Kaiqiang Fan, formerly chief mining geologist of Sino Gold Ltd and a member of Australasian Institute of Mining & Metallurgy (AusIMM), is the chief geologist and head of exploration for the Company and has spent the last nine months on site evaluating the deposit, its geology and its potential resource. Mr. Fan is in charge of the infill drilling programme and is a qualified person for the purposes of Canadian National Instrument 43-101.

Realisation of Bridge Securities Co., Ltd

On 20 September 2005, Bridge Securities Co., Ltd completed a KRW 100 billion mandatory capital reduction, whereby the BIH group received approximately US$72.5 million and, thereafter, BIH disposed of its shares in BSC on 30 September 2005 for US$29.2 million. Accordingly, the BIH directors declared a dividend of US$2.0925 per share on 10 October 2005. The dividend was paid in cash to all BIH shareholders on 17 October 2005 and, accordingly, the Group has received US$37.7 million. The BIH group is now being placed into voluntary liquidation and it is expected that no further distributions will be made to its shareholders.

Fund Management

The Group had assets under management of US$26.6 million as at 30 September 2005 and consequently with the small size of assets under management the division continues to incur losses.

Technology Investments

Regent Markets Group Limited experienced a comparatively difficult year, with the setting up of a back office in Malaysia taking up significant management time during the first, half. Yearly turnover for 2005 is projected at approximately US$70 million, a 16% drop on 2004, and the group is expected to announce a loss for the year. However turnover and profitability have experienced a turnaround in the latter part of the year, notably as a result of a successful UK marketing campaign. With the current success in marketing, and a recent downsizing to reduce staff count and expenses, the group will enter 2006 in a strong position and expects the coming year to show significantly improved results.

Outlook

The Group will continue to be an investment holding company and as such is regularly evaluating and considering new investment areas although in the forseeable future, its investments will be focused in the minerals exploration, mining and processing industry in China.

Through the investment in the Joint Venture Company, the Group is seeking to take advantage of the strong and continuing growth in demand for commodities within China, such as non ferrous metals like copper.

This is the Group's first investment in the mining and metals sector in China which presents an excellent opportunity for the Group to acquire a significant interest in an established copper mining business in China. It is believed that this project will be the first foreign funded operational copper mining and processing joint venture in China.

Looking ahead, the Group will continue to pursue its opportunistic investment approach. Efforts will be made to acquire later stage projects with untapped potential in the non ferrous and precious metals industry in China with the aim of increasing its portfolio of investments in this sector over the next two years.

The Group is also seriously considering new investment opportunities, which may be funded by internal cash and/or shares with the aim of ensuring that any such investments will enhance the value of all shareholders' investment in the Company.

Interim Dividend

The Directors of the Company recommended on 27 October 2005 a special interim dividend of 22 Hong Kong cents for the six months ended 30 September 2005 (2004: Nil) out of the Company's share premium, with an option to receive the dividend by way of new shares in the Company, credited as fully paid, in respect of part or all of such dividend. The dividend was declared with shareholders' approval on 18 November 2005 and paid on 16 December 2005.

The Directors have resolved not to declare a further interim dividend in respect of the six months ended 30 September 2005 (2004: nil).

Trading Record over Last Five Years

	(Unaudited) Six months ended 30 September	(Audited) Year ended 31 March (restated)				
	2005	2005	2004	2003	2002	2001
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Turnover	2,697	3,425	1,512	564	4,959	(744)
Revenue less expenses	(1,858)	158	(2,001)	(1,905)	(13,544)	(22,619)
Share of profits/(losses) of associates	13,175	(42,043)	7,089	(5,534)	15,416	(54,989)
Operating profit/(loss) on core activities	11,317	(41,885)	5,088	(7,439)	1,872	(77,608)
Profits/(Losses) on non-core activities	—	—	—	—	(8)	(22,193)
Operating profit/(loss) from ordinary activities	11,317	(41,885)	5,088	(7,439)	1,864	(99,801)
Finance costs - interest on bank loans and overdraft	—	—	—	—	(145)	(358)
Profit/(Loss) on ordinary activities before taxation	11,317	(41,885)	5,088	(7,439)	1,719	(100,159)
Taxation	—	(7)	—	163	(196)	(1,291)
Profit/(Loss) for the period/year	11,317	(41,892)	5,088	(7,276)	1,523	(101,450)
Minority interests	139	(438)	(15)	16	2,030	3,119
Profit/(Loss) attributable to equity holders	**11,456**	**(42,330)**	**5,073**	**(7,260)**	**3,553**	**(98,331)**
Capital and reserves	**46,402**	**51,835**	**97,279**	**85,192**	**87,054**	**85,661**

Management's Discussion and Analysis of the Group's Performance

Revenue and Profits

The Group recorded a profit after tax and minority interest of US$11.5 million for the six-month period ended 30 September 2005.

The profit attributable to the Group was mainly contributed by share of profit after tax of US$13.5 million from its associate, BIH. BIH recorded a profit attributable to shareholders of US$33.6 million for the six-month period ended 30 September 2005. Another associate of the Group, Regent Markets Holdings Limited, has contributed a share of loss of US$317,000 to the Group for the six-month period ended 30 September 2005.

The revenue of the corporate investment business division has increased significantly to US$2.5 million (2004: US$0.2 million) while the revenue of the asset management business division was further reduced to US$0.2 million (2004: US$0.4 million), which was primarily due to the further reduction in assets under management.

Balance Sheet

The shareholders' equity slightly decreased by 10.3% to US$46.1 million from US$51.4 million as at 31 March 2005 and BIH accounts for approximately 82.9% of the Group's total shareholders' equity as at 30 September 2005. The remaining Group assets comprise: (i) cash of US$1.27 million and (ii) other corporate investments of US$6.61 million.

Dividend

On 17 October 2005, the Company received a dividend of US$37.7 million from BIH. On 18 November 2005, the Company's shareholders approved the payment of a special interim dividend of 22 HK cents (2.837 US cents) per share. On the basis of the Company's then existing issued share capital, payment of the special interim dividend amounted to approximately US$33.68 million or approximately 90% of the proceed received from BIH, which is in line with the Directors' stated intention concerning distribution received from BIH. The dividend was paid on 16 December 2005.

Future Funding

As at 30 September 2005, the Group had US$1.27 million net cash or 2.8% of its total shareholders' equity, which does not take account of the Group's holding of listed securities that amounts to US$1.56 million.

The Company's subsidiaries and associates 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 internal resources.

Management of Risk

The Company is exposed to foreign currency fluctuations arising from operations of its subsidiaries and associates. This exposure relates mainly to the translation between US dollars and non-US dollar currencies. The Group has not taken any currency hedge against associated investments due to their non-cash nature and the high cost such hedging would involve.

As BIH was responsible for approximately 82.9% of the total shareholders' equity as at 30 September 2005, the Company is exposed to the fluctuations in the equity values of BIH. The exposure is to the Korean economy, and its credit and equity markets. The responsibility for management of these risks rests with the BIH management.

Through investments of Interman Holdings Limited and Interman Limited in technology related ventures, the Group is exposed to the technology sector. The ability of these companies in controlling their operating cash requirements is key to their development and hence the value of the Group's investment in them. The Group closely monitors the operations and performance of these companies.

Investment is carefully controlled, in accordance with parameters set by the Board, in short term situations where physical assets may be inappropriate. There is strict segregation between the investment management and settlement functions.

In the course of the Group's normal operations, margin deposits of varying amounts of cash are held by the Group's brokers. As at 30 September 2005, the amount of these margin deposits was US$216,000 (2004: US$73,000).

In terms of the total operations of the Group, activities of this nature are of limited materiality.

Contingent Liabilities

The Group was not involved in any material litigation or disputes during the period ended 30 September 2005.

No other material changes were noted during the six-month period ended 30 September 2005 from the information disclosed in the published annual report for the year ended 31 March 2005.

Directors' Interests in Securities and Options

As at 30 September 2005, 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 % of holding**
Anthony Baillieu	A	Interests by controlled corporation	Long position	200,000	0.02%
Jamie Gibson		—	—	—	—
Clara Cheung		—	—	—	—
James Mellon	B	Beneficial owner	Long position	37,088,500	3.35%
	B	Beneficiary of a trust	Long position	222,967,083	20.14%
Julie Oates		—	—	—	—
Mark Searle	C	Beneficial owner	Long position	1,750,000	0.16%
	C	Beneficiary of a trust	Long position	50,000	0.00%
Jayne Sutcliffe	D	Beneficial owner	Long position	14,727,260	1.33%
	D	Beneficiary of a trust	Long position	24,000,000	2.17%
Anderson Whamond	E	Beneficiary of a trust	Long position	5,000,000	0.45%
Robert Whiting	F	—	—	—	—

* *These numbers do not include the numbers of deferred shares in the issued capital of the Company and the ordinary shares to be issued upon exercise of the outstanding options under the Company's share option schemes held by the Directors, which are disclosed in sub-paragraphs (b) and (c) respectively below.*

** *The total issued ordinary share capital of the Company as at 30 September 2005 consisted of 1,107,226,089 ordinary shares. Following the issue and allotment of an aggregate of 107,992,423 Scrip Dividend Shares on 16 December 2005 (as referred to in note 13 (Share capital) to the financial statements), the total issued ordinary share capital of the Company has been increased to 1,215,218,512 ordinary shares.*

b. Deferred shares of US$0.01 each

Indigo Securities Limited, a private company indirectly and wholly owned by the trustee of a settlement of which James Mellon is a beneficiary, holds 86,728,147 non-voting convertible deferred shares of US$0.01 each in issue in the capital of the Company.

Details of the rights of the deferred shares are set out in note 13 (Share capital) to the financial statements.

c. Options of the Company

Please refer to note 13 (Share capital) to the financial statements as to the details of the share option schemes of the Company.

As at 30 September 2005, the following Directors of the Company had personal interests in options granted under the Company's 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	Exercise period#	Number of shares subject to vested options#	Consideration for grant of option
Jamie Gibson	9 September 2004	11,000,000	HK$0.266	9 September 2005 – 8 September 2014	3,666,666	HK$10.00
Clara Cheung	9 September 2004	3,500,000	HK$0.266	9 September 2005 – 8 September 2014	1,166,666	HK$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.*

No options were granted, exercised or cancelled or lapsed under the Share Option Scheme (2002) during the six months ended 30 September 2005 or prior to the date of this report.

As at 30 September 2005, no outstanding options were held by any Director of the Company under the Company's Employee Share Option Scheme, which was terminated on 15 November 2002 but remained in full force in respect of outstanding options. No new options were granted under the Employee Share Option Scheme during the six months ended 30 September 2005 or prior to the date of this report.

Save for the above, during the period 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 Company's share option schemes and subscribed for shares in the Company; and no options were granted, cancelled or lapsed.

2. Securities of associated corporations

a. Ordinary shares of US$0.01 of AstroEast.com Limited *(note G)*

Name of Director	*Note*	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % of holding
Anthony Baillieu	A	Interests by controlled corporation	Long position	95,560	0.34%
Jamie Gibson		Beneficial owner	Long position	225,000	0.80%
Clara Cheung		—	—	—	—
James Mellon		—	—	—	—
Julie Oates		—	—	—	—
Mark Searle		—	—	—	—
Jayne Sutcliffe		Beneficial owner	Long position	150,000	0.54%
Anderson Whamond		Beneficial owner	Long position	150,000	0.54%
Robert Whiting	F	—	—	—	—

b. Ordinary shares of US$0.01 of bigsave Holdings plc *(note G)*

Name of Director	*Note*	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % of holding
Anthony Baillieu	A	Interests by controlled corporation	Long position	100,000	0.25%
Jamie Gibson		Beneficial owner	Long position	131,579	0.33%
Clara Cheung		—	—	—	—
James Mellon		—	—	—	—
Julie Oates		—	—	—	—
Mark Searle		—	—	—	—
Jayne Sutcliffe	D	Beneficiary of a trust	Long position	350,000	0.88%
Anderson Whamond		Beneficial owner	Long position	350,000	0.88%
Robert Whiting	F	Beneficiary of a trust	Long position	16,667	0.04%

Notes:

A. The 200,000 shares in the Company are held by a nominee company owned by the family of Anthony Baillieu, through which shares and cash are held to individual family members' accounts. Such securities are held in Anthony Baillieu's individual account.

The 95,560 shares in AstroEast.com Limited and the 100,000 shares in bigsave Holdings plc are held by a company which is 80% beneficially owned by Anthony Baillieu.

Anthony Baillieu resigned as a Director of the Company with effect from 27 October 2005, and upon his resignation, he ceased to have disclosure obligations under Part XV of the SFO in respect of his interests in the Company and its associated corporations.

B. The 222,967,083 shares in the Company are held by companies wholly owned by the trustee of a settlement, of which James Mellon is a beneficiary.

Mr Mellon elected to receive an aggregate of 6,127,680 Scrip Dividend Shares (please refer to note 13 (Share capital) to the financial statements), which were issued and allotted on 16 December 2005. Companies owned by his trustee elected to receive 51,167,166 Scrip Dividend Shares.

C. The 50,000 shares in the Company are held to the order of a pension fund, of which Mark Searle is the sole beneficiary.

Mr Searle personally elected to receive an aggregate of 2,444,444 Scrip Dividend Shares (please refer to note 13 (Share capital) to the financial statements), which were issued and allotted on 16 December 2005.

D. The 24,000,000 shares in the Company and the 350,000 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.

Mrs Sutcliffe elected to receive an aggregate of 2,433,205 Scrip Dividend Shares (please refer to note 13 (Share capital) to the financial statements), which were issued and allotted on 16 December 2005. Her trustee elected to receive 3,965,226 Scrip Dividend Shares.

E. The 5,000,000 shares in the Company are held by a pension fund, of which Anderson Whamond is the sole beneficiary.

Mr Whamond's trustee elected to receive 826,088 Scrip Dividend Shares (please refer to note 13 (Share capital) to the financial statements), which were issued and allotted on 16 December 2005.

F. The 16,667 shares in bigsave Holdings plc are held by a trust, of which Robert Whiting is one of the beneficiaries.

Robert Whiting resigned as a Director of the Company with effect from 27 October 2005, and upon his resignation, he ceased to have disclosure obligations under Part XV of the SFO in respect of his interests in the Company and its associated corporations.

G. AstroEast.com Limited and bigsave Holdings plc are indirect 51% and 64.3% 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 financial statements in this interim report.

H. David Comba and Patrick Reid were appointed as Directors of the Company with effect from 27 October 2005. Both of them did/do not have discloseable interests under Part XV of the SFO as at 30 September 2005 and the date of this report.

Save as disclosed herein, as at 30 September 2005 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.

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 to put the Company in compliance of all code provisions in the Code on CG Practices, save that, as disclosed in the Company's annual report for the year ended 31 March 2005, Article 87(1) of the Company's Articles of Association provided that notwithstanding any other provisions therein, the chairman of the board and/or the managing director of the Company should not, whilst holding such office, be subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year. Such deviation was rectified by the special resolution passed at the Company's annual general meeting held on 14 September 2005, pursuant to which an amendment was made to the Articles of Association so that every Director, including the chairman of the board and the managing director, should be subject to retirement by rotation, in compliance of Code Provision A.4.2.

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 company 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 2005.

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 2005.

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, who was appointed on 28 September 2004, 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 audit committee of the Company (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. The committee 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.

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

The interim financial statements of the Company for the six months ended 30 September 2005 have been reviewed by the Audit Committee.

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.

Substantial Shareholders

As at 30 September 2005, 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	Class of shares	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % of holding**
Peter Devas Everington	Ordinary shares	Beneficial owner	Long position	19,377,000	1.75%
	Ordinary shares	Family interests	Long position	24,450,000	2.21%
	Ordinary shares	Beneficiary of a trust	Long position	21,841,210	1.97%
The Gladiator Fund	Ordinary shares	Beneficial owner	Long position	56,681,000	5.12%
The State of Wisconsin Investment Board	Ordinary shares	Beneficial owner	Long position	82,567,940	7.46%

** *The total issued ordinary share capital of the Company as at 30 September 2005 consisted of 1,107,226,089 ordinary shares. Following the issue and allotment of an aggregate of 107,992,423 Scrip Dividend Shares on 16 December 2005 (as referred to in note 13 (Share capital) to the financial statements), the total issued ordinary share capital of the Company has been increased to 1,215,218,512 ordinary shares.*

Save for such interests, the Directors are not aware of any other persons who, as at 30 September 2005, 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).

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 months ended 30 September 2005, 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#
Jayne Sutcliffe *
Anderson Whamond *

* *Non-Executive Directors*
\# *Independent Non-Executive Directors*

Hong Kong, 19 December 2005