Regent Pacific Group Limited

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 0575 17 July 2007

ANNOUNCEMENT

AUDITED FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2007

Key Highlights and Achievements

Finance

- Net profit of US$0.58 million
- Shareholders' equity of US$20.09 million
- Successfully issued US$6.25 million 8.5% redeemable convertible preference shares due November 2011
- Unhedged

Corporate

- Market capitalisation more than doubled to US$81.5 million

Exploration

- Major exploration and in-fill drilling success at Dapingzhang
- 45 million tonnes of global resources – 325,000 tonnes copper and 230,000 tonnes zinc (JORC Code compliant)
- >90,000 metres drilled in over 400 holes

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- Significant new discovery of copper and zinc mineralisation North of Dapingzhang with copper – zinc mineralisation now known over a "camp-sized" six kilometre strike length and open to the North

Mining Operations

- Annual production targets met at Dapingzhang
- Completed relocation of Dawaz and Dapingzhang hamlets
- Completed and now mining to mine design and production schedule (ahead of target at Dawaz)
- Converting mining process towards best practice (ongoing)
- SGS commenced next phase of mineralogy and metallurgical test work
- Completed and now implementing needs analysis of environmental, health and safety issues at mine site with Environmental Resources Management ("**ERM**")
- ERM completing mine wide environmental, health and safety plan and training mine site personnel
- Undertaking upgrading of existing tailings storage facility and waste dump

The directors (the "**Directors**" or the "**Board**") of Regent Pacific Group Limited (the "**Company**" and collectively with its subsidiaries, the "**Group**") are pleased to announce the audited results of the Group for the year ended 31 March 2007, together with comparative figures for the year ended 31 March 2006, as follows:

Consolidated Income Statement
For the year ended 31 March 2007

	Notes	2007 US$'000	2006 (restated) US$'000
Revenue/Turnover:	4		
Asset management and corporate finance income		123	472
Corporate investment income		377	275
Other income		509	178
		1,009	925
Fair value gain		2,675	2,797
Total income		3,684	3,722
Expenses:			
Employee benefit expenses	6	(3,156)	(5,080)
Rental and office expenses		(224)	(195)
Information and technology expenses		(199)	(170)
Marketing costs and commissions		(100)	(117)
Professional fees		(2,175)	(2,159)
Investment advisory fee		(95)	(228)
Finance costs	7	(2,613)	(8)
Other operating expenses		(716)	(1,085)
Operating loss	5	(5,594)	(5,320)
Share of profits of associates			
- continuing		1,828	60
- discontinued		-	12,941
Share of profit of a jointly controlled entity		4,378	-
Profit before taxation		612	7,681
Taxation	8	-	-
Profit for the year		612	7,681
Attributable to:			
Equity holders of the Company	9	582	7,676
Minority interests		30	5
		612	7,681
Dividend	10	-	33,872
Earnings per share (US cent):	11		
- Basic		0.04	0.62
- Diluted		0.04	0.62

Consolidated Balance Sheet
As at 31 March 2007

	Notes	2007 US$'000	2006 (restated) US$'000
Non-current assets:			
Goodwill		1,876	1,876
Exploration and evaluation assets		78	-
Property, plant and equipment		195	34
Interest in an associate		2,768	1,587
Interest in a jointly controlled entity		25,180	-
Available-for-sale financial assets		620	620
		30,717	4,117
Current assets:			
Cash and bank balances		3,938	22,067
Financial assets at fair value through profit and loss		6,290	5,267
Trade receivables	12	173	175
Prepayments, deposits and other receivables		1,779	4,275
		12,180	31,784
Current liabilities:			
Derivative financial instruments		(17)	(27)
Trade payables, accruals and other payables	13	(647)	(3,916)
Borrowings		(29)	-
		(693)	(3,943)
Net current assets		11,487	27,841
Total assets less current liabilities		42,204	31,958
Non-current liabilities:			
Borrowings		(21,631)	(18,352)
Net assets		20,573	13,606
Equity			
Equity attributable to the Company's equity holders			
Share capital		14,959	13,726
Reserves		5,127	(573)
		20,086	13,153
Minority interests		487	453
Total equity		20,573	13,606

Notes:

1. General Information

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

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

2. Basis of Preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRS**") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants. The financial statements also include the applicable disclosure requirements of the Hong Kong Companies Ordinance and The Rules Governing the Listing of Securities (the "**HK Listing Rules**") on the HK Stock Exchange.

3. Adoption of New or Revised HKFRS

In 2007, the Group has adopted all the new and amended HKFRS, which are effective from the financial year ended 31 March 2007 and relevant to its operations.

All the standards have been applied retrospectively except where specific transitional provisions require a different treatment and accordingly the comparatives in these financial statements have been restated in accordance with HKAS 8, Accounting Policies, Changes in Accounting Estimates and Errors. Due to the change in accounting policies, the 2006 comparatives contained in these financial statements differ from those published in the financial statements for the year ended 31 March 2006.

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

3.1 Adoption of Amendment to HKAS 39 Financial Instruments: Recognition and Measurement – The Fair Value Option ("Amendment to HKAS 39")

Prior to the adoption of Amendment to HKAS 39, the Group has classified all its investments in financial assets at fair value through profit and loss. Any changes in fair value were recognised in the consolidated income statement as they arise.

On the adoption of Amendment to HKAS 39, the Group re-designated certain of its investments from financial assets at fair value through profit and loss to available-for-sale financial assets. The changes in fair value of financial assets at fair value through profit and loss are recognised in the consolidated income statement while changes in fair value of available-for-sale financial assets are recognised in reserve.

In accordance with the transitional provisions of the Amendment to HKAS 39, comparative amounts have been restated based on the new classification.

The effect on adoption of Amendment to HKAS 39 to the financial statements is set out in notes 3.3 to 3.5.

3.2 Other Standards Adopted

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

3.3 The effect of change in the accounting policies on the consolidated income statement is summarised below:

	Effect of adopting Amendment to HKAS 39 US$'000
Year ended 31 March 2006	
Decrease in unrealised gain on financial assets at fair value through profit and loss	(453)
Decrease in profit for the year	
Attributable to equity holders of the Company	(453)
Minority interests	-
	US cent
Decrease in basic earnings per share	(0.04)

3.4 The effect of change in the accounting policies on the consolidated balance sheet is summarised below:

	Effect of adopting Amendment to HKAS 39 US$'000
At 31 March 2006	
Increase in available-for-sale financial assets	620
Decrease in financial assets at fair value through profit and loss	(620)
Change in consolidated balance sheet	-

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

	Effect of adopting Amendment to HKAS 39 US$'000
At 31 March 2006	
Increase in accumulated losses	(453)
Increase in investment revaluation reserve	453
Change in reserves	-

* The adoption of Amendment to HKAS 39 has no effect for the current year.

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

The Group has not early adopted the following standards that have been issued but are not yet effective. The Directors anticipate that the following standards will have no material impact on the financial statements of the Group:

HKAS 1 (Amendment)	Presentation of Financial Statements: Capital Disclosures[1]
HKAS 23 (Revised)	Borrowing Costs[2]
HKFRS 7	Financial Instruments: Disclosures[1]
HKFRS 8	Operating Segments[2]
HK(IFRIC) Interpretation 8	Scope of HKFRS 2[3]
HK(IFRIC) Interpretation 9	Reassessment of Embedded Derivatives[4]
HK(IFRIC) Interpretation 10	Interim Financial Reporting and Impairment[5]
HK(IFRIC) Interpretation 11	Group and Treasury Share Transactions[6]

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 January 2009
3 Effective for annual periods beginning on or after 1 May 2006
4 Effective for annual periods beginning on or after 1 June 2006
5 Effective for annual periods beginning on or after 1 November 2006
6 Effective for annual periods beginning on or after 1 March 2007

4. Segmented Information

Primary Reporting Format – Business Segments

The Group comprises four business segments as follows:

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

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

For the year ended 31 March 2007

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Mining US$'000	Unallocated US$'000	Total US$'000
Revenue from external customers	630	-	379	-	-	1,009
Inter-segment revenue	2	-	(2)	-	-	-
	632	-	377	-	-	1,009
Segment results	(70)	(161)	(2,121)	(629)	-	(2,981)
Unallocated operating expenses						-
Finance costs						(2,613)
Operating loss						(5,594)
Share of profits of associates					1,828	1,828
Share of profit of a jointly controlled entity				4,378		4,378
Taxation						-
Profit for the year						612

For the year ended 31 March 2006 (restated)

	Asset management US$'000	Corporate finance US$'000	Corporate investment US$'000	Unallocated US$'000	Total US$'000
Revenue from external customers	649	-	276	-	925
Inter-segment revenue	1	-	(1)	-	-
	650	-	275	-	925
Segment results	(4,428)	1,056	(1,940)	-	(5,312)
Unallocated operating expenses					-
Finance costs					(8)
Operating loss					(5,320)
Share of profits of associates					
- continuing				60	60
- discontinued				12,941	12,941
Taxation					-
Profit for the year					7,681

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, and North America is a major market 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 investments.

There are no sales between the geographical segments.

For the year ended 31 March 2007

	North[1] America US$'000	Asia[2] Pacific US$'000	Western[3] Europe US$'000	Unallocated US$'000	Total US$'000
Revenue from external customers	268	660	75	6	1,009

For the year ended 31 March 2006 (restated)

	North America US$'000	Asia Pacific US$'000	Western Europe US$'000	Unallocated US$'000	Total US$'000
Revenue from external customers	2	598	234	91	925

1 North America includes the United States and Canada

2 Asia Pacific includes the People's Republic of China ("**PRC**" or "**China**") and Hong Kong

3 Western Europe includes the United Kingdom

5. Operating Loss

	2007 US$'000	2006 (restated) US$'000
Operating loss is arrived at after charging:		
Auditors' remuneration		
- charge for the year	226	161
- under provision in prior year	36	26
Bad debts written off	124	500
Depreciation of owned property, plant and equipment	26	18
Loss on disposal of an associate	-	551
Operating lease charges on property and equipment	109	102
and crediting:		
Interest income on bank deposits*	131	207
Dividend income from available-for-sale financial assets*	246	68
Profit on disposal of an associate	44	-

* Included in revenue

6. Employee Benefit Expenses (Including Directors' Emoluments)

	2007 US$'000	2006 (restated) US$'000
Wages and salaries and benefits in kind	1,862	1,267
Special bonus	-	710
Discretionary bonuses	628	2,873
Pension costs – defined contribution plans	15	14
Share options granted to directors and employees	651	216
	3,156	5,080

7. Finance Costs

	2007 US$'000	2006 US$'000
Interest on convertible bonds	2,443	8
Interest on redeemable convertible preference shares	170	-
	2,613	8

8. 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 year.

Share of associates taxation for the year ended 31 March 2007 of US$18,000 (2006: US$1,229,000) is included in the consolidated income statement as share of profits of associates. Pursuant to a notice dated 30 June 2006 issued by the Simao Provincial Tax Bureau, the Company's jointly controlled entity is exempt from income tax from year 2006 to year 2007 and is subject to a reduced income tax rate of 15% for a period of three years from 2008 to 2010.

Deferred income tax assets are recognised for tax loss carried forward to the extent that realisation of the related tax benefit through the future taxable profits is probable. The Group has unrecognised tax losses of US$7,484,000 (2006: US$4,864,000) to carry forward against future taxable income. The tax loss has no expiry date.

9. Net Profit Attributable to the Equity Holders of the Company

The net profit attributable to the equity holders of the Company dealt with in the financial statements of the Company amounted to US$1,882,000 (2006: net loss of US$8,208,000).

10. Dividend

	2007 US$'000	2006 US$'000
Special interim, of Nil (2006: 22 HK cents) per share	-	33,872

11. Earnings Per Share

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

Earnings

	2007 US$'000	2006 (restated) US$'000
Profit attributable to equity holders of the Company, used to determine basic earnings per share	582	7,676
Interest on convertible bonds	-	8
Profit used to determine diluted earnings per share	582	7,684

Number of shares

	2007	2006
Weighted average number of ordinary shares, used to determine earnings per share	1,457,071,749	1,228,450,815
Effect of dilutive potential ordinary shares:		
Share options	21,215,348	30,677
Convertible bonds	-	1,634,700
Weighted average number of ordinary shares, used to determine diluted earnings per share	1,478,287,097	1,230,116,192

Note 1: The convertible bonds and the redeemable convertible preference shares outstanding during the year 2007 had an anti-dilutive effect on the earnings per share and were ignored in the calculation of diluted earnings per shares.

Note 2: Subsequent to the year end date and prior to the date of this announcement, new ordinary shares were issued and allotted and options were granted, details of which are set out as below:

- An aggregate of 3,667,000 new ordinary shares were issued and allotted for a total consideration of HK$975,422 (approximately US$125,054), being HK$0.266 per share, upon exercise of options under the Company's share option scheme, named "Share Option Scheme (2002)" (the "**Share Option Scheme (2002)**").

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

- An aggregate of 130,967,501 new ordinary shares were issued and allotted upon conversion of the convertible bonds with a principal amount of US$4.39 million, being at a conversion price of HK$0.2615 per share.

- An aggregate of 13,448,276 new ordinary shares were issued and allotted upon conversion of 500 redeemable convertible preference Shares, being at a conversion price of HK$0.290 per share.

- Options entitling the holders to subscribe, in stages in accordance with their respective vesting schedules, for an aggregate of 26,000,000 ordinary shares at the exercise price of HK$0.780 per share were granted on 15 May 2007.

12. Trade Receivables

At 31 March 2007 and 2006, the ageing analysis of trade receivables was as follows:

	2007 US$'000	2006 US$'000
1 to 3 months old	31	174
More than 3 months old but less than 12 months old	142	1
Total trade receivables	173	175

The Group applies credit policies appropriate to the particular business circumstances concerned but generally requires outstanding amounts to be paid within 30 days of invoice. The fair value of the trade receivables was the same as illustrated above.

13. Trade Payables

Included in trade payables, accruals and other payables are trade payables with the following ageing analysis as of 31 March 2007 and 2006:

	2007 US$'000	2006 US$'000
Due within 1 month or on demand	2	97
More than 6 months	29	45
	31	142

CHAIRMAN'S STATEMENT

Your Company continued to grow significantly, more than doubling its market capitalisation to US$81.5 million at year end. We are positioned to significantly increase this growth during 2007 and as I write this report your Company's market capitalisation now stands at US$197 million on an undilutive basis.

Operating Performance

The Group's operations including its 40% interest in Yunnan Simao Shanshui Copper Company Limited ("**YSSCCL**"), a Sino-foreign equity joint venture enterprise engaged in mining, performed well for the financial year, meeting or exceeding its operating targets. YSSCCL had its first full year of operating results with more than 9 million pounds of copper being sold. The cash operating costs at YSSCCL were 18 US cents per pound, well below comparable volcanic massive sulphide ("**VMS**") mine operators. At YSSCCL targets were exceeded for drilling, mining and production, an excellent result by the team at Dapingzhang. Safety performance and awareness is improving at YSSCCL and there were no lost time injuries reported during the financial year. We continue to work with ERM on the implementation of a comprehensive mine wide environmental, health and safety plan with the safety, security and health of our employees paramount.

Mine Exploration and Reserves

We had an excellent year at Dapingzhang with two global mineral estimates (JORC Code compliant) being reported with over 45 million tonnes of resources containing 325 thousand tonnes copper and 230 thousand tonnes zinc. In addition, Dapingzhang's first ore reserves (reserves were prepared in accordance with JORC Code Guidelines) were produced containing 15.57 million tonnes of probable reserve tonnes at an average copper grade of 1.17% and an average zinc grade of 1.09% net of mining depletion as at 31 March 2007. All ore reserves are currently derived from the Dawaz pit and the Dapingzhang pit that are contained within a 2.75 km^2 mining licence area.

All this was done within 12 months, a terrific achievement by the Dapingzhang exploration team.

We continue to discover more copper, zinc, lead, gold and silver mineralisation at Dapingzhang. We therefore expect to extend the life of mine well beyond the current nine-year mine life.

An expansion study of the existing plant was completed. A feasibility study for a new plant at Dapingzhang was completed and design work will start in the current financial year.

Regional Exploration

Our regional search for new VMS orebodies has commenced successfully with our first discovery. The mineralisation is of the ancient sea floor "black smoker"-type as mined at Dapingzhang. The new discovery called Rongfa 1 is significant because it means copper-zinc mineralisation is now known over a "camp-sized" six kilometre strike length and is open to the North. Once the rainy season ends a major exploration program will be implemented for the area.

We embarked on a new exploration programme at Yinzishan, our 90.5% joint venture.

The Group believes that we have the competitive edge in exploring for VMS deposits in South West Yunnan Province with a land bank of over 155 square kilometres. We will continue to aggressively explore for new VMS deposits in this region, whose potential remains unknown, under explored and under developed.

Financial Performance

The Group reported a net profit attributable to the shareholders of the Company of US$582,000. YSSCCL contributed US$4.4 million for the financial year, but this was offset by interest expenses on the convertible bonds and the redeemable convertible preference shares of US$2.6 million and the write off of US$1.2 million for the consideration shares issued for the Yinzishan joint venture acquisition.

The Group has no hedging.

Corporate Governance

We are committed to high standards of corporate governance with sound policies and procedures in place. We continue to monitor developments in the area of corporate governance as they relate to listed issuers in Hong Kong.

Outlook

We believe the outlook of your Company, China and the global commodities market is positive. 2007 is already proving more than a match for 2006 as another extraordinary year for commodities and the mining industry. The prices of copper and zinc have recovered sharply over the last two to three months driven by a strong acceleration in Chinese growth. We believe China remains the key fundamental factor behind commodity markets in 2007. We expect growth to remain strong in China which will continue to lead to strong demand for Dapingzhang's copper and zinc concentrates. Your Company is therefore strongly positioned to benefit from growth during 2007 and beyond. However, we do expect the prices to remain volatile throughout 2007.

We will continue to aggressively pursue plant expansion at Dapingzhang. In this respect, management has set challenging plans, targets and budgets for 2007 and 2008.

I am pleased to report that your Company is well positioned to experience strong operating performance in 2007.

I welcome to the board John Stalker and Dr Youzhi Wei, mining veterans with substantial experience.

I thank the management team and our employees for delivering a strong transition year.

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

Revenue and Profits

The Group recorded a profit after tax and minority interests of US$0.58 million for the year ended 31 March 2007.

The jointly controlled entity and the associate of the Group, YSSCCL and Regent Markets Holdings Limited ("**Regent Markets**"), contributed a share of profit of US$4.38 million and US$1.83 million respectively to the Group for the year ended 31 March 2007. YSSCCL recorded a profit of RMB 86.93 million (equivalent to US$10.95 million) for the period from its incorporation (8 March 2006) to 31 March 2007.

The fair value gain from investments of US$2.68 million represented mainly the marked-to-market increase in the shares of Red Dragon Resources Corporation and UraMin Plc. Of this US$2.68 million fair value gain, US$0.85 million represented realised gain and US$1.83 million was unrealised. The revenue from the corporate investment division reduced to US$0.38 million and the revenue from the asset management division dropped to US$0.12 million due to the reduction in the funds under management.

The Group continued to monitor its operating costs closely. The majority of the operating expenses were (i) the interest expenses of the convertible bonds and the redeemable convertible preference shares amounting to US$2.61 million, and (ii) the write off of US$1.2 million in respect of the consideration shares issued for the Yinzishan joint venture acquisition for the year ended 31 March 2007.

The main elements of the profit are analysed as follows:

	US$ million
Share of profit from YSSCCL	4.38
Share of profit from Regent Markets	1.83
Asset management and corporate finance	(0.23)
Corporate investment	(2.16)
Mining	(0.63)
Finance costs	(2.61)
Total profit attributable to shareholders	0.58

Balance Sheet

The shareholders' equity increased by 52.78% to US$20.09 million as at 31 March 2007 from US$13.15 million as at 31 March 2006. The increase was mainly due to (i) the conversion of the US$3.11 million convertible bonds resulting in a total increase of share capital and share premium of US$2.87 million, (ii) the issue of new shares of US$1.13 million, and (iii) the profit of US$0.58 million for the year ended 31 March 2007.

The interests in YSSCCL of US$25.18 million and Regent Markets of US$2.77 million accounted for 125.3% and 13.8% of the shareholders' equity respectively. The Group's other assets comprised: (i) cash of US$3.94 million, (ii) listed and unlisted investments of US$6.91 million, (iii) goodwill of US$1.88 million and (iv) other assets and receivables of US$2.22 million.

The Group's liabilities comprised: (i) convertible bonds (liability portion) of US$15.90 million, (ii) redeemable convertible preference shares (liability portion) of US$5.66 million and (iii) payables and accruals of US$0.77 million.

Funding

As at 31 March 2007, the Group had US$3.94 million cash or 19.6% of its total shareholders' equity, which does not take into account the Group's holding of listed securities that amounted to US$5.57 million.

On 30 November 2006, the Group successfully issued US$6.25 million 8.5% redeemable convertible preference shares due November 2011.

On 31 March 2006, the Group issued US$20 million 12% guaranteed convertible bonds due March 2009 (the "**Convertible Bonds**"). These funds were used to acquire the Group's 40% interest in YSSCCL. The Convertible Bonds are secured by a guarantee dated 31 March 2006 given by Regent Metals Limited ("**RML**") in favour of the security agent (the "**Security Agent**") guaranteeing the due payment of all sums to be payable by the Company in respect of the Convertible Bonds (the "**Guarantee**"); a floating charge given by RML in favour of the Security Agent over all its assets and undertaking and a charge over a specified bank account into which all dividend payments and other distributions, including without limitation, proceeds of sale of assets made by YSSCCL, will be made; and a share charge dated 31 March 2006 given by Regent Metals (Jersey) Limited in favour of the Security Agent to secure RML's obligations under the Guarantee.

Save as above, there were no other material charges against the Group's assets as at 31 March 2007.

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

Management of Risk

The most significant risk affecting the profitability and viability of the Company is its 40% interest in YSSCCL, a Sino-foreign equity joint venture enterprise that produces a copper concentrate and a zinc concentrate with gold and silver credits. It is expected that the Company's main earnings and cash flow will be contributed by YSSCCL over the next two to three years.

There are a number of factors that may affect the business of the Company and/or YSSCCL, including but not limited to:

Price Risk

The profitability of any mining operation in which the Group has an interest is significantly affected by the market prices of copper and zinc and to a lesser extent gold and silver.

The fluctuations in metal prices are influenced by numerous factors beyond the control of the Company and YSSCCL. Exchange rates, interest rates, inflation, and the world's supply and demand for metals can each cause significant fluctuations in metals prices. Such external economic factors are, in turn, influenced by changes in international economic growth patterns and political developments. In addition, commodity prices in the PRC are highly influenced by fluctuations in international commodity prices, which is beyond the control of both the Company and YSSCCL.

Co-operation of the YSSCCL Partners

The Company has two joint venture partners. The smooth operation of YSSCCL is dependent upon the co-operation of all joint venture parties.

Operational Risks

YSSCCL's business of operating a mine is generally subject to a number of risks and hazards, including industrial accidents, unusual or unexpected geological conditions, technical failure, inclement weather and other natural phenomena such as excessive rain and earthquakes. Such occurrences could result in damage to, or destruction of, mining properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liabilities.

Uncertainties Related to Exploration

Exploration of mineral resources is speculative in nature, so substantial expenses may be incurred from initial drilling to production. There is also no assurance that exploration can lead to the discovery of economically feasible reserves. If reserves are developed, it may take a number of years and substantial expenditure from the initial phases of drilling until production is possible, during which time the economic feasibility of production may change. In addition, there is a risk that the resources are less than envisaged.

Licence Period of Exploration and Mining Rights

YSSCCL may obtain mining rights for conducting mining activities in a specific mining area during the licence period. There can be no assurance that YSSCCL will be able to exploit the entire mineral resources of its mine during the initial licence period. If YSSCCL fails to renew its exploration and mining licences upon expiry or it cannot effectively utilise the resources within a licence period specified in such licence, the operation and performance of YSSCCL may be adversely affected.

Capital Requirements and Funding Sources

The exploration and mining of mineral resources require substantial capital investments. The ability of YSSCCL to obtain future financing involves a number of uncertainties including its future operational results, financial condition and cash flow. If YSSCCL fails to obtain adequate funds to satisfy its operations or development plans, this may affect the business of YSSCCL, the efficiency of its operations and the operating results of YSSCCL.

Potential Cost Overruns on Expansion

In recent years, there have been cost over runs in mining and oil projects as the cost of raw materials such as steel have spiked unexpectedly. YSSCCL will expand its current mining operations. There is a risk that the costs could exceed the forecasts.

Operational Costs

The mining and exploration business requires timely supply of various raw materials and electricity. There is no assurance that interruptions or shortage of such supplies will not occur in the future. YSSCCL did experience shortages of power during the financial year concerned. However, YSSCCL has rented a 9 mega watt diesel power station from Aggreko Shanghai Energy Rental Equipment Company Limited for producing continuous power to mine site while the 110 kilo vott electrical upgrade is being carried out. In addition, an increase in the price of such raw materials and/or electricity may have an adverse impact on the operation of YSSCCL.

Government Regulations

Mining operations in the PRC are subject to extensive laws and regulations governing exploration, development, production, exports, taxes, labour standards, occupational health and safety, waste disposal, monitoring, protection, and remediation of the environment, reclamation, mine safety, toxic substances and other matters. Changes in such laws and regulations could increase the costs of YSSCCL.

Political and Economic Considerations

The PRC government has been making efforts to promote reforms of the economic system. These reforms have brought about marked economic growth and social progress. However, revisions or amendments may be made to these policies and measures from time to time, and YSSCCL is not in a position to predict whether any change in the political, economic or social conditions may adversely affect the operating results of YSSCCL.

Legal Considerations

The PRC legal system is a statutory law system. Unlike the common law system, decided legal cases have little significance for guidance, and rulings by the court can only be used as reference with little value as precedents. Since 1979, the PRC government has established a commercial law system, and significant progress has been made in promulgating laws and regulations relating to economic affairs. However, these regulations are relatively new and the availability of public cases as well as the judicial interpretation of them are limited in number.

Furthermore, as they are not binding, both the implementation and interpretation of these regulations are uncertain in many areas.

Competition for Resources and Copper/Zinc Concentrates

The mining business depends on one's ability to discover new resources. YSSCCL will face competition from other mining enterprises in discovering and acquiring resources.

Foreign Exchange Risk

The Company operates using American dollars. As such the Company is exposed to foreign currency fluctuations arising from operations of its subsidiaries, associates and jointly controlled entity. This exposure relates mainly to the translation between US dollars and non-US dollar currencies. Currency fluctuations may affect the revenues which the Company realises from its subsidiaries and associates and, in particular, its 40% interest in YSSCCL. This exposes the Company to increased volatility in earnings as reported in American dollars due to fluctuations in foreign exchange rates. While foreign currencies are generally convertible into American dollars, there is no guarantee that they will continue to be so convertible or that fluctuations in the value of such currencies will not have an adverse effect on the Company.

The Group has not taken any currency hedge against its main investment in the PRC or elsewhere.

Credit Risk

YSSCCL is subject to credit risk through trade receivables. YSSCCL has two customers for its concentrates. Credit risk is mitigated through the use of provisional payment arrangements whereby 100% is paid within five business days after the issuance of the monthly provisional delivery notice.

The Company does not have any significant customers as its revenue is generated from (i) the realisation of investments, or (ii) earnings from associates and YSSCCL. Credit risk also relates to derivative contracts arising from the possibility that a counterparty to an instrument in which the Company has an unrealised gain fails to perform. The Company transacts through Bear Stearns Securities Corp. and does not consider the credit risk associated with these financial instruments to be significant.

Interest Rate Risk

The Company does not have any operating lines of credit or bank facilities. Therefore, the Company was not exposed to interest rate risk in the financial year concerned.

Environmental Risk

Environmental risks relate to every mining company. The tailings storage facility where the tailings are discharged is usually the most important potential area of risk to consider. Spilling a tailings storage facility can be enormously damaging to the environment and expensive to clean up.

Currently YSSCCL's environmental and health and safety standards are far below international requirements. Management of YSSCCL is currently implementing recommendations for strengthening the tailings dam for seismic stability (as the mine is located in an active seismic region), designing a stable waste dump and sediment control from the existing and future waste dumps to minimise the impact on the downstream rivers and compiling a comprehensive environmental management system. The comprehensive environmental management system will require the support and "buy in" of the Chinese joint venture partners, management and the operating personnel of YSSCCL.

The approach for health and safety will be similar to the environmental plan. Since April 2006 there was no lost time injury at Dapingzhang. The focus will be on training the workforce in appropriate safety procedures.

The Company's focus is on working with its joint venture partners and the management of YSSCCL for developing and operating the mine in a manner that controls and minimises pollution and takes into account the local cultural sensitivities and community expectations.

At the mine site, community initiatives are centered on land compensation and training locals in the skills required for employment at the mine. Land compensation will be integral to building trust with the local communities.

Financial Instruments

The Group will operate both equity market and currency hedges from time to time. 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 31 March 2007, the amount of these margin deposits was US$58,000 (2006: US$382,000).

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

Contingent Liabilities

The Group and the Company have no material contingent liabilities as at 31 March 2007.

Employees

The Group, including subsidiaries but excluding associates and jointly controlled entity, employed approximately 22 employees at 31 March 2007. The remuneration policy is to reward key employees by a combination of salaries, profit related bonuses and share options, where appropriate. For employees below board level, remuneration will be determined by the Director(s) responsible for the division whilst, for Directors, remuneration is determined by the remuneration committee of the Board. In all cases, grants of share options will be agreed by the Board as a whole. During the year and up to the date of this announcement, options in respect of an aggregate of 135,700,000 ordinary shares in the Company were granted to eligible participants.

FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year (2006: Nil).

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 bring the Company in compliance with all code provisions in the Code on CG Practices.

The Company has applied the principles of the Code on CG Practices since their adoption on 1 January 2005 as mentioned above in a manner consistent with best practices of a Hong Kong 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 year ended 31 March 2007.

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, and further revised on 5 January 2007 to incorporate issues relating to internal controls. The committee's purpose is to assist the Board in providing an independent review of the effectiveness of the financial reporting process and the internal control and risk management systems of the Company, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

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

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

The audited financial statements of the Company for the year ended 31 March 2007 have been reviewed by the Audit Committee.

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 year ended 31 March 2007, whether on the HK Stock Exchange or otherwise. The Company has not redeemed any of its securities during the year.

PUBLICATION ON WEBSITES

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

DESPATCH OF ANNUAL REPORT

The annual report containing full details of the Company's audited final results for the year ended 31 March 2007 will be despatched to all its shareholders and be published on the aforesaid websites before 31 July 2007.

On Behalf of the Board of
Regent Pacific Group Limited

James Mellon
Chairman

Directors of the Company:
James Mellon (*Chairman*)*
Jamie Gibson (*Chief Executive Officer*)
Clara Cheung
David Comba#
Julie Oates#
Patrick Reid#
Mark Searle#
John Stalker*
Jayne Sutcliffe*
Dr Youzhi Wei*
Anderson Whamond*

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

Hong Kong, 17 July 2007