REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0575)

AUDITED FINAL RESULTS
FOR THE YEAR ENDED 31 MARCH 2006

RESULTS

The directors (the "**Directors**" or the "**Board**") of Regent Pacific Group Limited (the "**Company**" and collectively with its subsidiaries, the "**Group**") announce the **audited** results of the Group for the year ended 31 March 2006, together with comparative figures for the year ended 31 March 2005, as follows:

Consolidated Income Statement
for the year ended 31 March 2006

	Notes	**2006** *US$'000*	**2005 (restated)** *US$'000*
Revenue:	4		
Asset management and corporate finance income		472	627
Corporate investment income		275	73
Other income		178	146
Fair value gain		3,250	2,756
Total income		4,175	3,602
Expenses:			
Employee benefit expenses	6	(5,080)	(1,975)
Rental and office expenses		(195)	(182)
Information and technology expenses		(170)	(188)
Marketing costs and commissions		(117)	(33)
Professional fees		(2,159)	(470)
Investment advisory fee		(228)	(204)
Finance costs	7	(8)	—
Other operating expenses		(1,085)	(392)

	Notes	2006 *US$'000*	2005 (restated) *US$'000*
Operating (loss)/profit	5	(4,867)	158
Share of profits/(losses) of associates			
- continuing		60	571
- discontinuing		12,941	(42,614)
Profit/(Loss) before taxation		8,134	(41,885)
Taxation	8	—	(7)
Profit/(Loss) for the year		8,134	(41,892)
Attributable to:			
Equity holders of the Company	9	8,129	(42,330)
Minority interests		5	438
		8,134	(41,892)
Dividend	10	33,872	—
Earnings/(Loss) per share (US cent):	11		
- Basic		0.7	(3.5)
- Diluted		0.7	N/A

Consolidated Balance Sheet
As at 31 March 2006

	2006	2005
	US$'000	*US$'000*
Non-current assets:		
Intangible asset	1,876	—
Property, plant and equipment	34	49
Interests in associates	1,587	43,023
Financial assets at fair value through profit and loss	5,887	—
Investment in securities	—	6,491
Amount due from an associate	—	435
	9,384	49,998
Current assets:		
Cash and bank balances	22,067	1,063
Investments in securities	—	121
Trade receivables	175	146
Prepayments, deposits and other receivables	4,275	902
	26,517	2,232
Current liabilities:		
Derivative financial instruments	(27)	—
Trade payables, accruals and other payables	(3,916)	(395)
	(3,943)	(395)
Net current assets	22,574	1,837
Total assets less current liabilities	31,958	51,835
Non-current liabilities		
Borrowing	(18,352)	—
Net assets	13,606	51,835
Equity		
Equity attributable to the Company's equity holders		
Share capital	13,726	11,936
Reserves	(573)	39,451
	13,153	51,387
Minority interests	453	448
Total equity	13,606	51,835

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 and Frankfurt Stock Exchange.

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

2. **Basis of Preparation**

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

3. **Adoption of New or Revised HKAS and HKFRS**

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

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

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

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

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 16	Property, Plant and Equipment
HKAS 17	Leases
HKAS 18	Revenue
HKAS 19	Employee Benefits
HKAS 21	The Effects of Changes in Foreign Exchange Rates
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 28	Investments in Associates

HKAS 32	Financial Instruments: Disclosure and Presentation
HKAS 33	Earnings Per Share
HKAS 37	Provisions, Contingent Liabilities and Contingent Assets
HKAS 39	Financial Instruments: Recognition and Measurement
HKAS 39 Amendment	Transitional and Initial Recognition of Financial Assets and Financial Liabilities
HKFRS 2	Share-based Payment

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

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

3.1 **Adoption of HKAS 1**

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

3.2 **Adoption of HKFRS 2**

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

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

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

3.3 **Adoption of HKAS 32 and HKAS 39**

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

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

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

3.4 **Other standards adopted**

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

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

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

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

\# adjustments which take effect retrospectively

* adjustments which take effect prospectively from 1 January 2005

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

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

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

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

* adjustments which take effect prospectively from 1 January 2005

3.7 **New standards that have been issued but are not yet effective**

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

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

1 Effective for annual periods beginning on or after 1 January 2007
2 Effective for annual periods beginning on or after 1 January 2006

4. **Segmented Information**

Primary reporting format - business segments

The Group comprises three business segments as follows:

Asset management : management of assets entrusted by the shareholders of various mutual funds, including private equity and Dublin-listed funds

Corporate finance	: provision of investment advisory services to associates and third parties
Corporate investment	: investment in corporate entities, both listed and unlisted

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

For the year ended 31 March 2006

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

For the year ended 31 March 2005

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

Secondary reporting format - geographical segments

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

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

There are no sales between the geographical segments.

For the year ended 31 March 2006

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

For the year ended 31 March 2005

	North America (restated)	Asia Pacific (restated)	Western Europe (restated)	Others (restated)	Total (restated)
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue from external customers	49	721	86	(10)	846

5. **Operating (Loss)/Profit**

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

* Included in revenue

6. **Employee Benefit Expenses (Including Directors' Emoluments)**

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

7. **Finance Costs**

	2006 *US$'000*	2005 *US$'000*
Interest on convertible bonds	8	—

8. **Taxation**

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

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

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

9. **Net (Loss)/Profit Attributable to the Equity Holders of the Company**

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

10. **Dividend**

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

11. **Earnings/(Loss) Per Share**

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

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

12. **Reclassification of Comparative Figures**

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

KEY HIGHLIGHTS

Finance

- Profit after tax of US$8.1 million
- Paid a dividend of US$33.9 million or 22 HK cents per share
- Successfully issued US$20 million of the Convertible Bonds

Corporate

- Share price increased by 133% since paying dividend
- Strengthened management team to oversee the Dapingzhang JV
- Successful realisation of the Group's investment in Bridge Investment Holding Limited

The Dapingzhang JV

- Acquired 40% equity interest in the Dapingzhang JV, a mine that produces a bulk copper, zinc, lead concentrate with recoverable gold and silver credits
- Effected a smooth ownership transition
- Stated production is 3,200 tonnes ore per day, but currently processing 2,500 tonnes ore per day while implementing the optimisation programme
- Completed 21,433 meters of diamond drilling in 109 holes
- Acquired four additional exploration licences with total exploration area covering 94 square kilometers
- Completed three year mine plan of current open pit area: estimated at 4.5 million tonnes at a copper grade of 0.65%
- Completed metallurgical test work on the stringer-style mineralisation (V2)
- Mine is producing copper grade of 22-25% with a recovery over 92%

Highway Mine

- Entered into a joint venture where the Group will acquire an 80% equity interest by investing US$2 million
- Exploration area covering over 57 square kilometers
- Mining licence area of 1 square kilometer
- Licenses in close proximity to the Dapingzhang JV and overlie same favourable geological belt as occurs at Dapingzhang
- Mine has a mill processing 100 tonnes ore per day

CHAIRMAN'S STATEMENT

The Group returned to profitability this year which was largely due to the share of profit derived from Bridge Investment Holding Limited ("**BIH**"). In 2005 we were successful in realising our investment in BIH and the Group received a final dividend of US$37.7 million from BIH out of which US$33.9 million was paid out to shareholders. This brings an end to the Group's investment in BIH. Our realisation of our Korean investment actually returned over US$74 million in cash to our shareholders against a total cash cost of approximately US$36 million. Admittedly, although ultimately profitable, this was a very difficult investment, a not uncommon experience shared by other foreign investors in Korea.

In March 2006, the Group raised US$20 million from three investors through the issuance of US$20 million principal amount of 12% guaranteed convertible bonds due March 2009. These funds were used to acquire the Group's 40% interest in Yunnan Simao Shanshui Copper Company Limited (the "**Dapingzhang JV**"), a Sino-foreign equity joint venture enterprise engaged in mining, which comprises the Group, a company in the Yunnan Copper Group and the former owner of the mining business and assets.

In last year's report we referred to the exciting prospects of the Group's investment in a mining operation in the People's Republic of China (the "PRC"). The Group now holds a 40% equity interest in the Dapingzhang JV, that is currently producing a bulk copper, zinc, lead concentrate with recoverable gold and silver values at the Dapingzhang Mine ("**DPZ**") in Yunnan Province, the PRC. The transition from the former owner proceeded smoothly and a new organisational structure has been implemented which has reduced the workforce to 204 from over 260. The Dapingzhang JV commenced operations in April 2006 and the new management team, which is provided by the three partners, is focused on pushing through the optimisation program of the existing facilities. In this respect, the metallurgical test work on the copper-rich stringer-type mineralisation (V2) has been implemented by the Dapingzhang JV's metallurgical consultants in conjunction with mill management at DPZ during May of this year. As a result of this test work, DPZ is now producing at much improved levels with a copper grade of 22%-25% and with a recovery over 92% - both of which are in line with international standards.

The Dapingzhang JV's management's efforts are now focused on bringing throughput capacity at DPZ into line with the mine's stated daily production of 3,200 tonnes per day and on completing the balance of the optimisation program. These efforts are expected to yield very positive economic results.

Continuing exploration of the DPZ licence has identified 4.5 million tonnes of stringer-style mineralisation (V2) at an overall grade of 0.65% copper/tonne, which can sustain production beneath the current open pit mine for the next 4 years at current throughput rates. There exists good potential to locate additional stringer-style and some higher value but metallurgically more complex copper/zinc/lead/silver/gold-bearing massive sulphide mineralisation (V1) within the current open pit area. In addition, exploration drilling has expanded the limits of the K1 and K2 massive sulphide lenses which were initially discovered by the Group in its due diligence drilling program. These massive sulphide lenses are located in close proximity to the existing open pit mine, the northern and eastern limits of these lenses remain open and they are located at depths of ~ 150-200 meters below surface. In addition, exploration drilling has located a possible new massive sulphide lens, known as K3. This K3 lens is located at shallow depths, in close proximity to the north west edge of the existing open pit mine and is readily amenable to extraction by open pit mining. The northern and western limits of the K3 lens remain open and the full extent of this lens is unknown.

High grade copper and zinc values have been intersected in the K1, K2 and K3 lenses. There is also increasing evidence of additional earlier formed, copper-rich massive sulphide lenses and associated stringer zones which occur beneath K1 and K2. We believe that the best is yet come from our exploration drilling.

The Group's acquisition of its 40% interest in the Dapingzhang JV has the potential to add significant value to the Group — and for modest initial outlay. Already, it has provided us with a new skilled management team focused on investments in the mining sector and should significantly enhance our profitability for many years to come.

By the end of the first quarter of 2007, we should see the completion of the optimisation program at DPZ, including completion of first pass drilling within the mining licence area and commencement of work on at least one adjoining exploration permit area. We will also continue to source value adding opportunities in the mining sector, principally in China.

Recently, we have strengthened our management team in China with the addition of Jian Ding who joins us from SGS MinnovEx as Chief Metallurgist. Initially Jian will be seconded to the Dapingzhang JV and will be responsible for implementing all metallurgical and mill efficiency improvements, including overseeing the construction of the central filter plant. We expect to continue to strengthen on-the-ground management going forward.

We continue on a growth plan and are positioned for further significant progress in 2006. In this respect, the Group has entered into a joint venture with two PRC partners in relation to another mining project investment in the PRC, where the Group will acquire an 80% equity interest by investing US$2 million. The PRC partners will transfer three exploration licences covering over 57 square kilometers and a mining licence covering 1 square kilometer for their 20% stake. These licences are in close proximity to DPZ and we believe that they overlay the same favourable regional geological belt as occurs at DPZ.

While the prices of copper, zinc, gold, silver and lead were recently experiencing new highs, prices have retreated by over 20% as I write this report, but are still up around 50% since the end of 2005. We expect continued price volatility for base metals but looking ahead we continue to see strong copper and zinc markets for the balance of 2006 and 2007 as warehouse inventories continue to decline. Much of this decline in inventories has been driven by the high levels of demand growth from China. Notwithstanding an economic slowdown, Chinese demand for base metals will continue to be strong and the economic viability of the investment in the Dapingzhang JV is sound, even with copper and zinc prices much lower than current levels.

Our corporate governance standards remain in line with HK Stock Exchange recommended guidelines for good corporate governance. The Board is also focused on ensuring the Group manages its risk profile particularly with the acquisition of the 40% interest in the Dapingzhang JV. Careful attention is paid to reporting, accounting and control aspects of this venture.

The market has begun to recognise the merits of the Dapingzhang JV with a substantial increase in our share price since we declared our BIH dividend. With a full year of production ahead of us at DPZ and with metals prices still at relatively high levels compared with 2005, the outlook for this current financial year and beyond are exciting.

I welcome David Comba and Patrick Reid to the Board, who both bring a wealth of technical, commercial and governance experience. David's experience with volcanogenic massive sulphide deposits has been reassuring and contributions of my fellow Directors have been invaluable.

It is the efforts of our employees combined with the support of our shareholders that will enable the Group to manage its investments in a prudent manner with the focus on delivering shareholder value. I wish to thank our employees and shareholders for their continued support.

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$8.1 million for the year ended 31 March 2006.

The profit attributable to the Group was mainly contributed by share of profit after tax of US$12.9 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 year ended 31 March 2006.

The BIH profit is mainly attributable to:

	US$ million
By business:	
- Bridge Securities Co., Ltd (before the following significant item)	(1.6)
- Early retirement cost	(10.8)
	(12.4)
- Corporate and other interests	46.0
Pre-tax profit	33.6
Tax	(3.0)
Minority interest	3.0
Net profit for the year	33.6

The revenue of the corporate investment business division increased slightly to US$0.3 million (2005: US$0.1 million), while the revenue of the asset management business division was reduced to US$0.7 million (2005: US$0.8 million).

The main elements of the profit are as follows:

	US$ million
Share of profit connected with BIH (after adjustment in accordance with the Group's accounting policy)	12.9
Share of profit from other associates	0.1
Corporate investment	(1.5)
Asset management and corporate finance	(3.4)
Profit before tax	8.1
Tax	—
Profit after tax and minority interests	8.1

Balance Sheet

The shareholders' equity decreased by 74.3% to US$13.2 million from US$51.4 million during the year which was mainly due to paying out a special interim dividend of US$33.9 million. Since BIH had distributed out a final dividend to its shareholders and no further distribution was expected, the Group no longer accounted for its equity interest in BIH as at 31 March 2006. The Group's assets comprised: (i) cash of US$22.1 million and (ii) other corporate investments of US$13.8 million. The Group's liabilities comprised: (i) convertible bonds (liability portion) of US$18.4 million and (ii) other liabilities of US$3.9million.

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 final dividend amounted to US$33.9 million or approximately 90% of the proceeds received from BIH, which is in line with the Directors' stated intention concerning the distributions received from BIH. The dividend was paid on 16 December 2005.

Future Funding

As at 31 March 2006, the Group had US$22.1 million in cash or 167.8% of its total shareholders' equity, which does not take into account the Group's holding of listed securities that amounted to US$3.4 million.

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 Yunnan Simao Shanshui Copper Company Limited. 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 the Dapingzhang JV, 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 2006.

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

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

Price Risk

The profitability of any mining operation in which the Group has an interest in is significantly affected by the market prices of copper, zinc and lead 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 the Dapingzhang JV. 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 the Dapingzhang JV.

Co-operation of the Dapingzhang JV Partners

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

Operational Risks

The Dapingzhang JV'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. 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

The Dapingzhang JV may obtain mining rights for conducting mining activities in a specific mining area during the licence period. There can be no assurance that the Dapingzhang JV will be able to exploit the entire mineral resources of its mine during the initial licence period. If the Dapingzhang JV 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 the Dapingzhang JV may be adversely affected.

Capital Requirements and Funding Sources

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

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. The Dapingzhang JV may expand its current mining operations. If such expansion does take place in the future, 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. The Dapingzhang JV did experience a shortage of power in April and May 2006 when the electricity bureau upgraded a power line to the mine site. In addition, an increase in the price of such raw materials and/or electricity may have an adverse impact on the operation of the Dapingzhang JV.

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 the Dapingzhang JV.

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 the Dapingzhang JV is not in a position to predict whether any change in the political, economic or social conditions may adversely affect the operating results of the Dapingzhang JV.

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 Concentrates

The mining business depends on one's ability to discover new resources. The Dapingzhang JV 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 and associates. 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 the Dapingzhang JV. 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

The Dapingzhang JV is subject to credit risk through trade receivables. The Dapingzhang JV has one customer for its concentrate. Credit risk is mitigated through the use of provisional payment arrangements whereby 80% is paid within five business days after the issuance of the monthly provisional delivery notice and the balance of 20% being paid within five business days after the issuance of the final monthly invoice. From 1 July 2006, this risk will be further mitigated as the Dapingzhang JV will receive 100% prepayment rather than 80%.

The Company does not have any significant customers as its revenue is generated from (i) the realisation of investments, or (ii) earnings from associates. 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 dam where the tailings are discharged is usually the most important potential area of risk to consider. Spilling a tailings dam can be enormously damaging to the environment and expensive to clean up.

Currently the Dapingzhang JV's environmental and health and safety standards are far below international requirements. Management of the Dapingzhang JV is currently reviewing an internationally recognised consultancy firm's 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 consultancy firm's recommendations will require the support and "buy in" of the Chinese joint venture partners, management and the operating personnel of the Dapingzhang JV.

The approach for health and safety will be similar to the environmental plan. Since April 2006 there was no lost time injury at DPZ. 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 the Dapingzhang JV 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 2006, the amount of these margin deposits was US$382,000 (2005: US$275,000).

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 2006.

Employees

The Group, including subsidiaries but excluding associates, employed approximately 10 employees at 31 March 2006. 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 report, options in respect of an aggregate of 89,200,000 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 (2005: 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 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 year ended 31 March 2006.

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 two independent non-executive Directors, namely Julie Oates and Mark Searle, and James Mellon (the Non-Executive Chairman of the Board). 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 2006 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 2006, 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 2006 will be despatched to all its shareholders and be published on the aforesaid websites before 31 July 2006.

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, 18 July 2006

Please also refer to the published version of this announcement in The Standard.