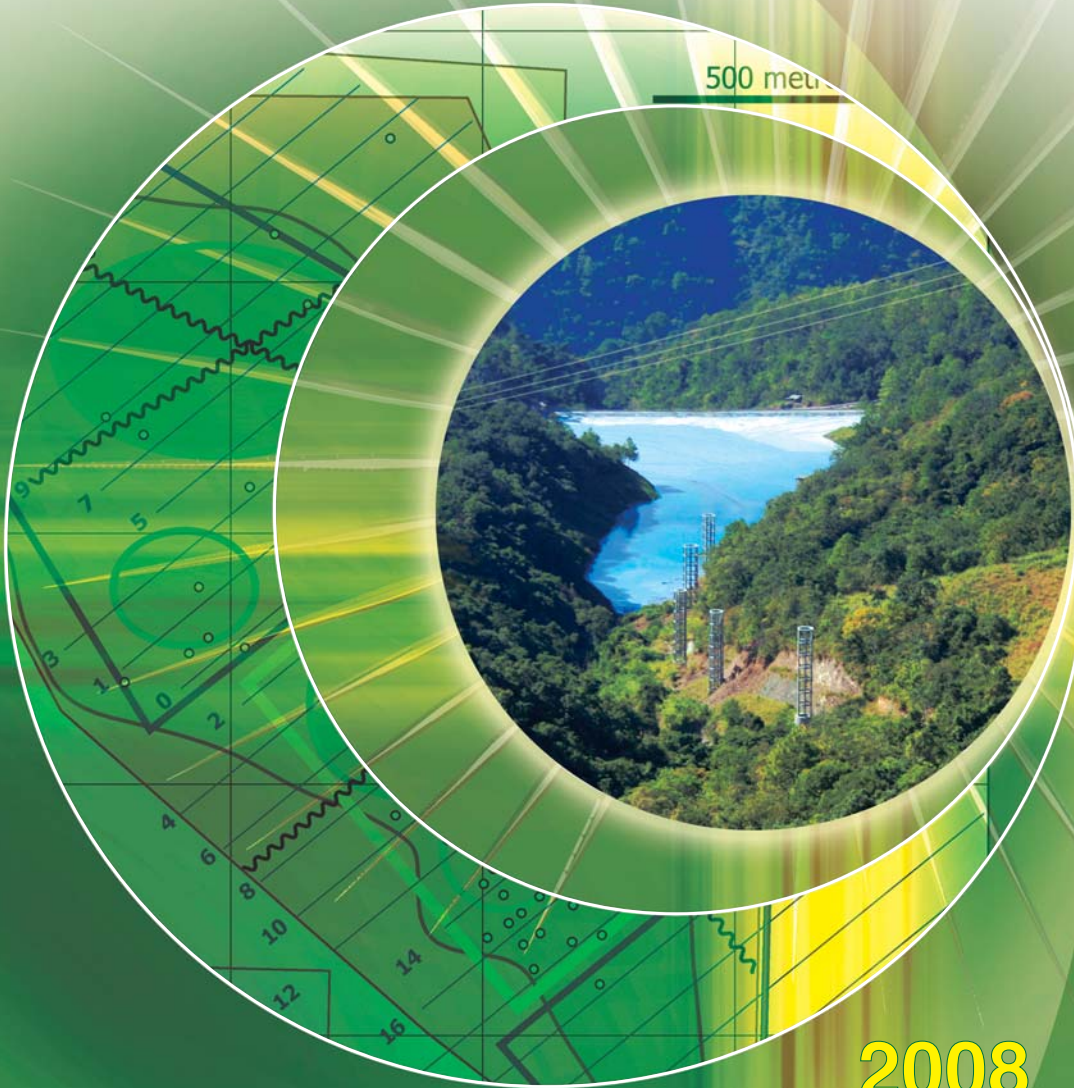




Regent Pacific Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 575)



500 metres

2008

INTERIM REPORT

HIGHLIGHTS

- Record production and earnings from Dapingzhang. First half-year earnings exceeded 2007 annual earnings, even with separate copper concentrate coming on stream in May 2008.
- Industry leading low cost operations at Dapingzhang; cash costs of US\$0.14 per pound of copper equivalent; significantly below current commodity prices.
- Successfully commissioned differential flotation circuits at largest mill at Dapingzhang and now producing saleable copper and zinc concentrates from the largest mill. First copper shipment was made in May 2008.
- An increase of 2.25 million tonnes in ore reserves (net of depletions from the 2007 reserves) at Dapingzhang.
- Strong attributable profit from West China Coking and Gas Company Limited (“**West China Coke**”).
- Completed 100% acquisition of Yuke Coal Limited (Zhun Dong).
- Completed JORC resources of 92.2 million tonnes of thermal coal at Ji Ri Ga Lang.

RESULTS

The directors (the “**Directors**” or the “**Board**”) of Regent Pacific Group Limited (the “**Company**” or “**Regent**” and collectively with its subsidiaries, the “**Group**”) are pleased to announce the unaudited results of the Group for the six months ended 30 June 2008, together with comparative figures for the six months ended 30 September 2007, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2008

	Notes	(Unaudited)	
		For the six months ended 30 June 2008 US\$'000	30 September 2007 US\$'000
Revenue/Turnover:	3		
Corporate investment income		2,132	523
Other income		1,490	912
Fair value loss		(821)	(44)
Total income		2,801	1,391
Expenses:			
Employee benefit expenses		(4,690)	(2,335)
Rental and office expenses		(327)	(202)
Information and technology expenses		(201)	(118)
Marketing costs and commissions		(9)	(20)
Professional fees		(2,869)	(731)
Finance costs	5	(279)	(1,192)
Other operating expenses		(1,126)	(399)
Operating loss	4	(6,700)	(3,606)
Share of profits of associates		2,331	315
Share of profit of a jointly controlled entity		8,086	5,068
Profit before taxation		3,717	1,777
Taxation	6	—	—
Profit for the period		3,717	1,777
Attributable to:			
Equity holders of the Company		4,008	1,901
Minority interests		(291)	(124)
		3,717	1,777
Dividend		—	—
Earnings per share (US cent):	7		
– Basic		0.09	0.12
– Diluted		0.09	0.11

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2008

		(Unaudited) As at 30 June 2008 US\$'000	(Audited) As at 31 December 2007 US\$'000
	<i>Notes</i>		
Non-current assets:			
Goodwill		194,897	190,724
Exploration and evaluation assets		29,277	5,729
Property, plant and equipment		1,362	467
Interests in associates		19,825	16,572
Interest in a jointly controlled entity		40,216	29,951
Available-for-sale financial assets		620	620
Deferred tax assets		294	—
		<hr/>	<hr/>
		286,491	244,063
		<hr/>	<hr/>
Current assets:			
Cash and bank balances		95,432	138,081
Financial assets at fair value through profit and loss		12,526	4,736
Trade receivables	8	43	43
Loan receivables		1,276	15,587
Amount due from a minority shareholder		1,212	—
Prepayments, deposits and other receivables		11,580	9,131
Derivative financial instruments	11	39	—
		<hr/>	<hr/>
		122,108	167,578
		<hr/>	<hr/>

		(Unaudited) As at 30 June 2008 US\$'000	(Audited) As at 31 December 2007 US\$'000
	Notes		
Current liabilities:			
Derivative financial instruments	11	—	(3)
Trade payables, accruals and other payables	9	(2,017)	(6,508)
Amounts due to minority shareholders		(1,242)	(6,295)
Borrowings		(24)	(24)
		<u>(3,283)</u>	<u>(12,830)</u>
Net current assets		<u>118,825</u>	<u>154,748</u>
Total assets less current liabilities		<u>405,316</u>	<u>398,811</u>
Non-current liability:			
Borrowings		(5,226)	(14,118)
Net assets		<u>400,090</u>	<u>384,693</u>
Equity			
Equity attributable to the Company's equity holders			
Share capital	10	45,177	42,902
Reserves		352,044	341,520
		<u>397,221</u>	<u>384,422</u>
Minority interests		2,869	271
Total equity		<u>400,090</u>	<u>384,693</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT*For the six months ended 30 June 2008*

	(Unaudited)	
	For the six months ended 30 June 2008 <i>US\$'000</i>	30 September 2007 <i>US\$'000</i>
Net cash used in operating activities	(30,771)	(2,601)
Net cash (used in)/generated from investing activities	(10,622)	1,787
Net cash (used in)/generated from financing activities	(1,256)	42,938
Net (decrease)/increase in cash and cash equivalents	(42,649)	42,124
Cash and cash equivalents at the beginning of the period	138,081	3,938
Cash and cash equivalents at the end of the period	95,432	46,062
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	95,432	46,062

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2008

	Equity attributable to equity holders of the Company											
	Share capital	Accumulated losses	Share premium	Share-based payment reserve	Convertible bonds reserve	Preference shares reserve	Capital redemption reserve	Investment revaluation reserve	Foreign currency exchange reserve	Total	Minority interests	Total equity
2008	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2008	42,902	(50,728)	385,804	1,742	25	140	1,204	453	2,880	384,422	271	384,693
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(52)	(52)	(111)	(163)
Share of reserve of a jointly controlled entity	—	—	—	—	—	—	—	—	2,179	2,179	—	2,179
Share of reserve of associates	—	—	—	—	—	—	—	—	909	909	—	909
Net income recognised directly in equity	—	—	—	—	—	—	—	—	3,036	3,036	(111)	2,925
Profit for the period	—	4,008	—	—	—	—	—	—	—	4,008	(291)	3,717
Total recognised income and expense for the period	—	4,008	—	—	—	—	—	—	3,036	7,044	(402)	6,642
Exercise of share options	8	—	31	(8)	—	—	—	—	—	31	—	31
Capital injection from minority interests	—	—	—	—	—	—	—	—	—	—	3,000	3,000
Share repurchase	(418)	—	(3,622)	—	—	—	—	—	—	(4,040)	—	(4,040)
Conversion of convertible bonds	2,685	—	5,931	—	(25)	—	—	—	—	8,591	—	8,591
Share-based payment	—	—	—	13	—	—	—	—	—	13	—	13
Share of reserve of an associate	—	—	—	1,160	—	—	—	—	—	1,160	—	1,160
At 30 June 2008	45,177	(46,720)	388,144	2,907	—	140	1,204	453	5,916	397,221	2,869	400,090

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2007

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

NOTES TO CONDENSED INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

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

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

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

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

2. ADOPTION OF NEW OR REVISED HONG KONG FINANCIAL REPORTING STANDARDS AND HKASs (“HKFRSs”)

All the new and revised HKFRSs which are effective during the six months ended 30 June 2008 are not relevant to the Group. They did not result in significant changes in the Group’s accounting policies and had no significant impact on the current or the prior accounting periods.

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

HKAS 1 (Revised)	Presentation of Financial Statements ¹
HKAS 23 (Revised)	Borrowing Costs ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ³
HKAS 32 and HKAS 1 (Amendment)	Puttable Financial Instruments and Obligations Arising on Liquidation ¹
HKFRS 2 (Amendment)	Share-based Payment: Vesting Conditions and Cancellations ¹
HKFRS 3 (Revised)	Business Combination ³
HKFRS 8	Operating Segments ¹
HK(IFRIC) Interpretation 13	Customer Loyalty Programmes ²
HK(IFRIC) Interpretation 15	Agreements for the Construction of Real Estate ¹
HK(IFRIC) Interpretation 16	Hedges of a Net Investment in a Foreign Operation ⁴

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

² Effective for annual periods beginning on or after 1 July 2008

³ Effective for annual periods beginning on or after 1 July 2009

⁴ Effective for annual periods beginning on or after 1 October 2008

3. SEGMENTED INFORMATION

PRIMARY REPORTING FORMAT – BUSINESS SEGMENTS

The Group comprises four business segments as follows:

- Coal Mining : exploration and mining of coal resources
- Coking Coal : production of coking coal
- Metals Mining : exploration and mining of metals resources
- Corporate Investment : investment in corporate entities, both listed and unlisted

There are no sales between the business segments.

For the six months ended 30 June 2008

	(Unaudited)					
	Coal mining US\$'000	Coking coal US\$'000	Metals mining US\$'000	Corporate investment US\$'000	Unallocated US\$'000	Total US\$'000
Revenue from external customers	—	—	—	2,132	1,490	3,622
Segment results	(2,570)	(7)	(1,934)	(3,400)	1,490	(6,421)
Finance costs						(279)
Operating loss						(6,700)
Share of profits of associates		2,041			290	2,331
Share of profit of a jointly controlled entity			8,086			8,086
Taxation						—
Profit for the period						3,717

For the six months ended 30 September 2007

	(Unaudited) (restated)					
	Coal mining US\$'000	Coking coal US\$'000	Metals mining US\$'000	Corporate investment US\$'000	Unallocated US\$'000	Total US\$'000
Revenue from external customers	—	—	—	1,435	—	1,435
Segment results	—	—	(394)	(2,020)	—	(2,414)
Finance costs						(1,192)
Operating loss						(3,606)
Share of profit of an associate					315	315
Share of profit of a jointly controlled entity			5,068			5,068
Taxation						—
Profit for the period						1,777

The segment assets and liabilities at 30 June 2008 and capital expenditure for the six months then ended were as follows:

	(Unaudited)					
	Coal mining US\$'000	Coking coal US\$'000	Metals mining US\$'000	Corporate investment US\$'000	Unallocated US\$'000	Total US\$'000
Segment assets	213,982	15,284	9,004	110,288	—	348,558
Interests in associates	—	17,254	—	—	2,571	19,825
Interest in a jointly controlled entity	—	—	40,216	—	—	40,216
Total assets	213,982	32,538	49,220	110,288	2,571	408,599
Segment liabilities	1,841	—	209	6,459	—	8,509
Depreciation and amortisation	64	—	4	48	—	116
Capital expenditure	3,232	—	9	21	—	3,262

The segment assets and liabilities at 31 December 2007 and capital expenditure for the nine months then ended were as follows:

	(Audited) (restated)					
	Coal mining <i>US\$'000</i>	Coking coal <i>US\$'000</i>	Metals mining <i>US\$'000</i>	Corporate investment <i>US\$'000</i>	Unallocated <i>US\$'000</i>	Total <i>US\$'000</i>
Segment assets	199,739	15,271	9,146	140,962	—	365,118
Interest in an associate	—	14,301	—	—	2,271	16,572
Interest in a jointly controlled entity	—	—	29,951	—	—	29,951
Total assets	199,739	29,572	39,097	140,962	2,271	411,641
Segment liabilities	9,972	—	14,268	2,708	—	26,948
Depreciation and amortisation	—	—	24	40	—	64
Capital expenditure	228,023	—	5	111	—	228,139

SECONDARY REPORTING FORMAT – GEOGRAPHICAL SEGMENTS

The Group's business is managed on a world-wide basis. Asia Pacific is a major market for its mining and exploration of natural resources, and 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 six months ended 30 June 2008

	North America <i>US\$'000</i>	Asia Pacific <i>US\$'000</i>	Western Europe <i>US\$'000</i>	Total <i>US\$'000</i>
Revenue from external customers	1,073	2,430	119	3,622
Capital expenditure incurred during the period	—	3,262	—	3,262

For the six months ended 30 September 2007

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

4. OPERATING LOSS

	(Unaudited)	
	For the six months ended	
	30 June 2008 US\$'000	30 September 2007 US\$'000
Operating loss is arrived at after charging:		
Auditors' remuneration	59	40
Depreciation on owned property, plant and equipment	114	36
Amortisation on exploration and evaluation assets	2	—
Operating lease rental on property and equipment	247	116
Share-based payment	1,160	381
Loss on disposal of property, plant and equipment	6	—
and crediting:		
Interest income on bank deposits	1,593	70
Dividend income from available-for-sale financial assets	108	—
Dividend income from financial assets at fair value through profit and loss	121	25

5. FINANCE COSTS

	(Unaudited)	
	For the six months ended	
	30 June 2008 US\$'000	30 September 2007 US\$'000
Interest on convertible bonds	—	917
Interest on redeemable convertible preference shares	279	275
	279	1,192

6. TAXATION

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

Share of associates' and a jointly controlled entity's taxation for the six months ended 30 June 2008 of US\$108,000 (six months ended 30 September 2007: US\$6,000) and US\$826,000 (six months ended 30 September 2007: nil) are included in the consolidated income statement as share of profits of associates and share of profit of a jointly controlled entity respectively.

7. EARNINGS PER SHARE

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

	(Unaudited)	
	For the six months ended	
	30 June 2008 US\$'000	30 September 2007 US\$'000
Earnings		
Profit attributable to equity holders of the Company, used to determine basic earnings per share and diluted earnings per share	4,008	1,901
Number of shares		
Weighted average number of ordinary shares, used to determine basic earnings per share	4,438,157,714	1,628,185,514
Effect of dilutive potential ordinary shares:		
Share options	21,907,425	82,582,810
Convertible bonds	107,201,821	—
Weighted average number of ordinary shares, used to determine diluted earnings per share	4,567,266,960	1,710,768,324

Note: The redeemable convertible preference shares outstanding during the six months ended 30 June 2008 had an anti-dilutive effect on the earnings per share and is ignored in the calculation of diluted earnings per share.

Subsequent to the period end date and prior to the date of this report, ordinary shares were repurchased, details of which are set out in note 10.

8. TRADE RECEIVABLES

At 30 June 2008 and 31 December 2007, the ageing analysis of trade receivables was as follows:

	(Unaudited) As at 30 June 2008 <i>US\$'000</i>	(Audited) As at 31 December 2007 <i>US\$'000</i>
1 to 3 months old	—	43
More than 3 months old but less than 12 months old	43	—
	<u>43</u>	<u>43</u>

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

9. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

At 30 June 2008 and 31 December 2007, the ageing analysis of trade payables was as follows:

	(Unaudited) As at 30 June 2008 <i>US\$'000</i>	(Audited) As at 31 December 2007 <i>US\$'000</i>
Due within 1 month or on demand	—	—
More than 6 months	55	32
Trade payables	55	32
Accruals and other payables	1,962	6,476
	<u>2,017</u>	<u>6,508</u>

Included in trade payables were those payables placed in trust accounts amounting to US\$26,000 as at 30 June 2008 (31 December 2007: US\$29,000).

10. SHARE CAPITAL

Authorised:	Number of ordinary shares of US\$0.01 each	US\$'000	Number of unclassified shares*	US\$'000	Total number of shares	Total US\$'000
At 30 June 2008 and 31 December 2007	10,000,000,000	100,000	550,000,000	5,500	10,550,000,000	105,500
Issued and fully paid:	Number of ordinary shares of US\$0.01 each	US\$'000	Number of deferred shares of US\$0.01 each	US\$'000	Total number of shares	Total US\$'000
At 1 April 2007	1,495,925,718	14,959	—	—	1,495,925,718	14,959
Employee share option scheme – exercise of share options	16,827,000	168	—	—	16,827,000	168
Conversion of convertible bonds	235,383,943	2,354	—	—	235,383,943	2,354
Conversion of redeemable convertible preference shares	13,448,276	135	—	—	13,448,276	135
Issue of new shares	2,528,636,175	25,286	—	—	2,528,636,175	25,286
At 31 December 2007	4,290,221,112	42,902	—	—	4,290,221,112	42,902
Employee share option scheme – exercise of share options	836,000	8	—	—	836,000	8
Share repurchases	(41,755,000)	(418)	—	—	(41,755,000)	(418)
Conversion of convertible bonds	268,496,307	2,685	—	—	268,496,307	2,685
At 30 June 2008	4,517,798,419	45,177	—	—	4,517,798,419	45,177

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

As noted above, during the six months ended 30 June 2008, an aggregate of 269,332,307 new ordinary shares were issued and allotted with details set out below:

- a. An aggregate of 836,000 new ordinary shares were issued and allotted for a total consideration of HK\$250,800 (approximately US\$32,144), being HK\$0.300 per share, upon exercise of options under the Share Option Scheme (2002) (as referred to in note 10.3).
- b. An aggregate of 268,496,307 new ordinary shares were issued and allotted upon conversion of Convertible Bonds (as referred to in note 10.1) with a principal amount of US\$9 million, being at a conversion price of HK\$0.2615 per share.

In addition, during the period an aggregate of 41,755,000 shares were repurchased by the Company on the HK Stock Exchange at an average cost of HK\$0.70 per share.

Subsequent to the period end date and prior to the date of this report, no new shares were issued and allotted by the Company. An aggregate of 88,600,000 shares were repurchased by the Company on the HK Stock Exchange at an average cost of HK\$0.45 per share during July 2008.

1. Convertible Bonds

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

During the six months ended 30 June 2008, Convertible Bonds with a principal amount of US\$9 million were converted into, in aggregate, 268,496,307 new ordinary shares. Accordingly, as at 30 June 2008, no Convertible Bonds were outstanding.

2. Redeemable Convertible Preference Shares

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

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

Name of Purchasers	Subscription amount (US\$)	Number of RCPS allotted
James Mellon	2,750,000	2,750
Libra Fund LP	1,620,000	1,620
MLP Investments (Caymans), Ltd	500,000	500
Libra Offshore Limited	380,000	380
Jamie Gibson	250,000	250
Jayne Sutcliffe	250,000	250
Anderson Whamond	250,000	250
Julie Oates	100,000	100
Mark Searle	100,000	100
David Comba	50,000	50
	6,250,000	6,250

No Redeemable Convertible Preference Shares were converted into shares during the six months ended 30 June 2008 or prior to the date of this report. Accordingly, as at the date of this report, there are 5,500 Redeemable Convertible Preference Shares outstanding, which may be convertible into 147,931,035 ordinary shares.

3. Share Option Scheme (2002)

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

Upon adoption of the Long Term Incentive Plan 2007 (as referred to in note 10.4) on 8 December 2007, no further options under the Share Option Scheme (2002) will be granted.

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

The Company sought shareholders' approval at the extraordinary general meeting held on 16 June 2006 for "refreshing" the 10% limit under the scheme. Accordingly, the maximum number of shares which may be issued upon exercise of all options to be granted after 16 June 2006 under the Share Option Scheme (2002), when aggregated with any shares which may be issued upon exercise of options to be granted under other schemes of the Company, shall not exceed 146,538,132 shares, being 10% of the total issued ordinary share capital of the Company as at the date of approval of the "refreshed" limit. Options previously granted under the scheme (including those outstanding, cancelled or lapsed in accordance with the scheme or exercised options) will not be counted for the purpose of calculating the limit as "refreshed". The total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme (2002) and any other schemes of the Company now represents 222,286,132 shares or 5.02% of the Company's existing issued ordinary share capital. In any circumstances, the aggregate limit on the number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme (2002) and any other schemes of the Company must not exceed 30% of the ordinary shares of the Company in issue from time to time. The Company may also seek separate shareholders' approval at a general meeting for granting options beyond the 10% limit provided that the options in excess of the limit are granted only to participants specifically identified by the Company before such approval is sought.

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

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

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

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

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

As at 1 January 2008, 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 228,962,132 (1 April 2007: 126,751,000) ordinary shares at the exercise prices ranging from HK\$0.266 to HK\$1.152 per share, representing 5.34% (1 April 2007: 8.47%) of the Company's then issued ordinary share capital and 5.07% (1 April 2007: 7.81%) of the enlarged ordinary share capital. Amongst the outstanding options, options in respect of an aggregate of 37,290,660 shares or 16.29% were vested (1 April 2007: options in respect of an aggregate of 11,100,999 shares or 8.76%). During the six months ended 30 June 2008:

- No new options were granted (six months ended 30 September 2007: options in respect of 26,000,000 shares were granted).
- Vested options in respect of an aggregate of 836,000 shares were exercised at HK\$0.300 per share (six months ended 30 September 2007: vested options in respect of an aggregate of 13,014,000 shares were exercised).
- Options in respect of 340,000 shares and 2,000,000 shares at the exercise price of HK\$0.300 per share and HK\$0.780 per share lapsed on 18 January 2008 and 31 May 2008 respectively upon resignation of eligible participants (six months ended 30 September 2007: nil).
- No options were cancelled (six months ended 30 September 2007: nil).

Accordingly, as at 30 June 2008, 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 225,786,132 (30 September 2007: 139,737,000) ordinary shares at the exercise prices ranging from HK\$0.266 to HK\$1.152 per share, representing 5.00% (30 September 2007: 7.18%) of the Company's then issued ordinary share capital and 4.76% (30 September 2007: 6.70%) of the enlarged ordinary share capital. Amongst the outstanding options, options in respect of an aggregate of 73,764,659 shares or 32.67% were vested (30 September 2007: options in respect of an aggregate of 34,270,329 shares or 24.52%). Exercise in full of the outstanding options would result in the issue of 225,786,132 additional ordinary shares for aggregate proceeds, before expenses, of HK\$158,618,278 (approximately US\$20,335,677).

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

- No new options were granted.
- No vested options were exercised.
- An option in respect of 3,500,000 shares at the exercise price of HK\$1.152 per share lapsed on 21 July 2008 upon termination of the employment of an eligible participant.
- No options were cancelled.

Accordingly, as at the date of this report, there are outstanding options entitling the holders to subscribe, in stages, for an aggregate of 222,286,132 ordinary shares at the exercise prices ranging from HK\$0.266 to HK\$1.152 per share, representing 5.02% of the Company's existing issued ordinary share capital and 4.78% of the enlarged ordinary share capital. Amongst the outstanding options, options in respect of an aggregate of 73,764,659 shares or 33.18% were vested. Exercise in full of the outstanding options would result in the issue of 222,286,132 additional ordinary shares for aggregate proceeds, before expenses, of HK\$154,586,278 (approximately US\$19,818,754).

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

i. Directors, Chief Executive and substantial shareholders

As at 1 January 2008, outstanding options in respect of an aggregate of 134,600,000 shares were held by the Chief Executive Officer (also an executive Director) and other Directors, details of which are set out below:

1. An option, which was granted on 9 September 2004, entitling the Chief Executive Officer to subscribe, in stages, for an aggregate of 11,000,000 ordinary shares at the exercise price of HK\$0.266 per share;
2. Options, which were granted on 4 April 2006, entitling the Chief Executive Officer and an executive Director to subscribe, in stages, for an aggregate of 53,600,000 ordinary shares at the exercise price of HK\$0.300 per share;
3. An option, which was granted on 14 December 2006, entitling the aforesaid executive Director to subscribe, in stages, for an aggregate of 6,000,000 ordinary shares at the exercise price of HK\$0.325 per share;
4. Options, which were granted on 15 May 2007, entitling two non-executive Directors to subscribe, in stages, for an aggregate of 24,000,000 ordinary shares at the exercise price of HK\$0.780 per share; and
5. Options, which were granted on 2 October 2007, entitling the Non-Executive Co-Chairman (James Mellon), the Chief Executive Officer, the aforesaid executive Director and two independent non-executive Directors to subscribe, in stages, for an aggregate of 40,000,000 ordinary shares at the exercise price of HK\$1.152 per share.

During the six months ended 30 June 2008:

- No new options were granted.
- A non-executive Director, who held an outstanding option in respect of 12,000,000 shares at the exercise price of HK\$0.780 per share (granted on 15 May 2007), resigned as Director and was appointed as a consultant on 12 February 2008. His outstanding option is therefore included in sub-paragraph (iv) headed "Suppliers of goods and services" below.
- An independent non-executive Director, who held an outstanding option in respect of 2,000,000 shares at the exercise price of HK\$1.152 per share (granted on 2 October 2007), resigned as Director and was appointed as a consultant on 12 February 2008. His outstanding option is therefore included in sub-paragraph (iv) headed "Suppliers of goods and services" below.
- No vested options were exercised.
- No options lapsed or were cancelled.

Accordingly, as at 30 June 2008, there were outstanding options entitling the Chief Executive Officer (also an executive Director) and other Directors of the Company to subscribe, in stages, for an aggregate of 120,600,000 ordinary shares at the exercise prices ranging from HK\$0.266 to HK\$1.152 per share.

Subsequent to the period end date and prior to the date of this report, no new options were granted. No vested options were exercised, and no options lapsed or were cancelled.

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

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

ii. *Full-time employees*

As at 1 January 2008, outstanding options in respect of an aggregate of 77,862,132 shares were held by the full-time employees of the Group (excluding the Directors of the Company), details of which are set out below:

1. An option, which was granted on 9 September 2004, entitling a full-time employee of the Group to subscribe, in stages, for an aggregate of 100,000 ordinary shares at the exercise price of HK\$0.266 per share;
2. Options, which were granted on 4 April 2006, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 26,370,000 ordinary shares at the exercise price of HK\$0.300 per share;

3. Options, which were granted on 14 December 2006, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 12,854,000 ordinary shares at the exercise price of HK\$0.325 per share;
4. An option, which was granted on 15 May 2007, entitling a full-time employee of the Group to subscribe, in stages, for an aggregate of 2,000,000 ordinary shares at the exercise price of HK\$0.780 per share; and
5. Options, which were granted on 2 October 2007, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 36,538,132 ordinary shares at the exercise price of HK\$1.152 per share.

During the six months ended 30 June 2008:

- No new options were granted.
- A vested option in respect of 250,000 shares was exercised on 14 January 2008 at HK\$0.300 per share, which were issued and allotted on 14 January 2008. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such option was exercised was HK\$0.880.
- A vested option in respect of 250,000 shares was exercised on 25 April 2008 at HK\$0.300 per share, which were issued and allotted on 25 April 2008. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such option was exercised was HK\$0.800.
- A vested option in respect of 336,000 shares was exercised on 2 May 2008 at HK\$0.300 per share, which were issued and allotted on 2 May 2008. The closing price of the shares of the Company quoted on the HK Stock Exchange immediately before the date on which such option was exercised was HK\$0.800.
- Options in respect of 340,000 shares and 2,000,000 shares at the exercise price of HK\$0.300 per share and HK\$0.780 per share lapsed on 18 January 2008 and 31 May 2008 respectively upon resignation of eligible participants.
- No options were cancelled.

Accordingly, as at 30 June 2008, there were outstanding options entitling the full-time employees of the Group (excluding the Directors of the Company) to subscribe, in stages, for an aggregate of 74,686,132 ordinary shares at the exercise prices ranging from HK\$0.266 to HK\$1.152 per share.

Subsequent to the period end date, no new options were granted. No vested options were exercised, and no options were cancelled. An option in respect of 3,500,000 shares at the exercise price of HK\$1.152 per share lapsed on 21 July 2008 upon termination of the employment of an eligible participant. Accordingly, as at the date of this report, there were outstanding options entitling the full-time employees of the Group (excluding the Directors of the Company) to subscribe, in stages, for an aggregate of 71,186,132 ordinary shares at the exercise prices ranging from HK\$0.266 to HK\$1.152 per share.

iii. Participants in excess of individual limit

No participants were granted with options in respect of an aggregate number of shares in the Company which was in excess of the individual limit referred to in the HK Listing Rules, at any time during the six months ended 30 June 2008 or prior to the date of this report.

iv. Suppliers of goods and services

As at 1 January 2008, there was an outstanding option, which was granted on 2 October 2007, entitling a service provider to subscribe, in stages, for an aggregate of 16,500,000 ordinary shares at the exercise price of HK\$1.152 per share.

During the six months ended 30 June 2008:

- No new options were granted.
- A non-executive Director, who held an outstanding option in respect of 12,000,000 shares at the exercise price of HK\$0.780 per share (granted on 15 May 2007), resigned as Director and was appointed as a consultant on 12 February 2008. His outstanding option is therefore excluded in sub-paragraph (i) headed "Directors, Chief Executive and substantial shareholders" above.
- An independent non-executive Director, who held an outstanding option in respect of 2,000,000 shares at the exercise price of HK\$1.152 per share (granted on 2 October 2007), resigned as Director and was appointed as a consultant on 12 February 2008. His outstanding option is therefore excluded in sub-paragraph (i) headed "Directors, Chief Executive and substantial shareholders" above.
- No vested options were exercised.
- No options lapsed or were cancelled.

Accordingly, as at 30 June 2008, there were outstanding options entitling the service providers to subscribe, in stages, for an aggregate of 30,500,000 ordinary shares at the exercise prices ranging from HK\$0.780 to HK\$1.152 per share.

Subsequent to the period end date and prior to the date of this report, no new options were granted. No vested options were exercised, and no options lapsed or were cancelled.

v. Other participants

No options were granted to or held by participants other than those referred to in sub-paragraphs (i) to (iv) above at any time during the six months ended 30 June 2008 or prior to the date of this report.

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

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

	30 June 2008		30 September 2007	
	Number	Weighted average exercise price HK\$	Number	Weighted average exercise price HK\$
Outstanding at 1 January/1 April	228,962,132	0.701	126,751,000	0.299
Granted	—	—	26,000,000	0.780
Forfeited	(2,000,000)	0.780	—	—
Forfeited	(340,000)	0.300	—	—
Exercised	—	—	(6,534,000)	0.266
Exercised	(836,000)	0.300	(6,480,000)	0.300
Outstanding at 30 June/30 September	225,786,132	0.703	139,737,000	0.390

The weighted average market price of the shares at the date of exercise of options for the six months ended 30 June 2008 was HK\$0.812 (six months ended 30 September 2007: HK\$0.783). All remaining share options as at 30 June 2008 have been accounted for under HKFRS 2. The Group has granted the following outstanding share options and exercise prices:

Exercisable beginning in financial year	30 June 2008		30 September 2007	
	Number	Weighted average exercise price HK\$	Number	Weighted average exercise price HK\$
-31 December 2007	37,030,660	0.293	41,103,659	0.295
-31 December 2008	74,580,034	0.708	44,983,333	0.396
-31 December 2009	75,162,719	0.705	44,983,342	0.396
-31 December 2010	39,012,719	1.076	8,666,666	0.780
Outstanding at 30 June/30 September	225,786,132	0.703	139,737,000	0.390

The weighted average remaining contractual life of the outstanding options as of 30 June 2008 is 8.48 years (30 September 2007: 8.70 years).

In total, US\$1,160,000 of share-based payment has been included in the consolidated income statement for the six months ended 30 June 2008 (six months ended 30 September 2007: US\$381,000). No liabilities were recognised due to share-based payment transactions.

4. Long Term Incentive Plan 2007

The Company adopted a new long term incentive plan, named “Long Term Incentive Plan 2007” (the “**Long Term Incentive Plan 2007**”), with shareholders’ approval at the extraordinary general meeting held on 8 December 2007. The scheme shall continue in force until the tenth anniversary of its adoption date, which will be 8 December 2017.

The establishment and option of the Long Term Incentive Plan 2007 are not subject to Chapter 17 of the HK Listing Rules. Upon adoption of the Long Term Incentive Plan 2007 on 8 December 2007, no further options under the Share Option Scheme (2002) (as referred to in note 10.3) will be granted.

Pursuant to the rules of the plan, the Board shall nominate eligible participants (being employees (including executive Directors) and non-executive Directors of the Company or any of its subsidiary or any other company which is associated with the Company and is designated by the Board as a member of the Group). The Board may grant to an eligible participant a unit, being a conditional right to acquire shares subject to such conditions (if any) as the remuneration committee of the Company (the “**Remuneration Committee**”) may direct on their vesting. A grantee is not required to pay for the grant of any unit.

A trustee appointed by the Company will acquire shares from the market at the cost of the Company. To the extent that the vesting conditions of the award specified by the Remuneration Committee at the time of making the award and the vesting conditions set out in the rules have been satisfied, the relevant number of shares subject to the award will be transferred to the grantees at no cost. No new shares can be issued under the plan.

The total number of shares which may be transferred upon vesting of all units to be granted under the plan is limited to 205,327,840 shares, being 10 per cent of the Company’s issued ordinary share capital of the Company on the adoption date of the plan.

The total number of shares subject to a unit or units granted to an individual eligible participant is limited to 102,663,920 shares, being 5 per cent of the Company’s issued ordinary share capital of the Company on the adoption date of the plan.

Since the adoption of the plan, no shares were acquired and no units were granted under the plan.

11. DERIVATIVE FINANCIAL INSTRUMENTS

At 30 June 2008, there were outstanding futures trading contracts amounting to approximately US\$544,000 (31 December 2007: US\$576,000) undertaken by the Group in the equity markets.

In the course of the Group's normal trading in derivatives, margin deposits of varying amounts of cash are held by the Group's brokers. As at 30 June 2008, the amount of these margin deposits was US\$132,000 (31 December 2007: US\$70,000).

12. OPERATING LEASE COMMITMENTS

	(Unaudited) As at 30 June 2008 <i>US\$'000</i>	(Audited) As at 31 December 2007 <i>US\$'000</i>
At 30 June 2008 and 31 December 2007, the total future minimum lease payments under non-cancellable operating leases are payable as follows:		
Property:		
– within 1 year	763	787
– in the 2nd to 5th year, inclusive	201	442
	<u>964</u>	<u>1,229</u>
Equipment		
– within 1 year	5	5
– in the 2nd to 5th year, inclusive	9	11
	<u>14</u>	<u>16</u>
	<u>978</u>	<u>1,245</u>

13 CAPITAL COMMITMENTS

	(Unaudited) As at 30 June 2008 <i>US\$'000</i>	(Audited) As at 31 December 2007 <i>US\$'000</i>
Contracted but not provided for		
Acquisition of a controlling interest in a Singapore incorporated company	55,590	—
Purchasing of remaining share of a subsidiary- Abagaqi Changjiang Mining Company Limited (“ACMC”)	—	10,844

14. CONTINGENT LIABILITIES

The Group has no material contingent liabilities as at 30 June 2008.

15. MATERIAL RELATED PARTY TRANSACTIONS

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

An aggregate of US\$553,000 and US\$830,000 was received and receivable respectively for the six months ended 30 June 2008.

16. POST BALANCE SHEET EVENTS

On 27 June 2008, the Company and RPG Investment I Limited, a wholly-owned subsidiary of the Company, entered into an investment and cooperation agreement in relation to the acquisition of 75% of Blue Pacific Coal Pte Ltd and the acquisition of 1% of PT Jimbaran Borneo at a total consideration of US\$55.59 million. As at 30 June 2008 and the date of this report, the acquisition has not been completed.

CO-CHAIRMAN'S COMMENTS

Regent's Co-Chairman James Mellon said "Net profit after tax attributable to members of the Company was US\$4.01 million for the six months ended 30 June 2008 which easily surpassed the same period in 2007. Regent's operational performance has been very sound with record production and earnings from Dapingzhang and an initial strong contribution from West China Coke. With the successful commissioning of the differential flotation circuits at the largest mill at Dapingzhang we expect annual record earnings and production for copper and zinc for 2008".

"We continue to develop our pipeline of growth projects, which remains a significant competitive strength. We will expand the copper production at Dapingzhang by over 65% in 2009. We will seek to bring on our coal projects as and when approvals are obtained. We have the capacity to grow strongly from our existing base, and create value for shareholders over the years ahead".

"We have seen extreme volatility in the commodity markets. However, we remain convinced that the long-term demand strength in minerals and metals remain intact and Regent is exceptionally well positioned to benefit. The prices for copper and coal remain high by historic highs. The price of copper and zinc were 16.82% and 37.29% lower in the first half of the year on average compared to the six-month period ended 30 September 2007. The drop in the zinc price has been the primary reason that the financial performance we are reporting today is not better".

"Our strategy remains intact in that we will continue to pursue growth and we have a number of tangible opportunities, including both the development of projects in our pipeline and potential acquisitions. In China, we are making progress with negotiations with our counterparties albeit at a slower rate than expected for forming joint ventures for significant coal properties."

"We agree that Regent's current share price does not reflect its inherent value. We will use our strong balance sheet to invest shareholders' funds in growing our business in this very prospective environment".

REVIEW AND PROSPECTS

MAIN ACTIVITIES

The Group's principal activities during the period were:

- Production of copper and zinc concentrates at its 40% owned mine at Dapingzhang in Yunnan Province, China.
- Exploration activities at Dapingzhang and its 97.54% owned Yinzishan project in Yunnan Province, China.
- Production of coke and related by products at its 25% owned chemical plant (West China Coke) in Yunnan Province, China.
- Development of the Ji Ri Ga Lang thermal coal project that is 51% owned by the Group, including JORC resources of 92.2 million tonnes.
- Evaluation of other exploration and business development opportunities in China and Indonesia.

On 27 June 2008, the Group announced that it had entered into an investment and cooperation agreement with Blue Pacific Advisors Ltd involving the formation of a coal mining joint venture in relation to coal mining interests in Indonesia. This transaction involves the Group acquiring a controlling (75 percent) interest in a Singapore incorporated joint venture company, itself having contractual rights to economic benefits flowing from certain Indonesian coal mining concessions for US\$55.59 million (subject to adjustment). The Group has a call option of purchasing a further 5 percent equity interest in the Singapore joint venture company exercisable during the period from and including 1 April 2010 to and including 30 April 2010.

FINANCIAL RESULTS

The consolidated profit attributable to shareholders of the Company for the six months ended 30 June 2008 was US\$4.01 million (six months ended 30 September 2007: US\$1.90 million). The main reason for the increase in profit was the equity contribution from Yunnan Simao Shanshui Copper Company Limited. YSSCCL recorded an overall profit of RMB142.72 million (equivalent to US\$20.21 million) for the six months to 30 June 2008 (2007: YSSCCL full year profit was RMB132.72 million or US\$17.45 million).

The shareholders' equity increased by 3.33% to US\$397.22 million as at 30 June 2008 from US\$384.42 million as at 31 December 2007. The increase was mainly due to (i) the conversion of the US\$9 million convertible bonds resulting in a total increase of share capital and share premium of US\$8.62 million, and (ii) the profit of US\$4.01 million for the six months ended 30 June 2008.

REVIEW OF RESULTS AND OPERATIONS

YUNNAN SIMAO SHANSHUI COPPER COMPANY LIMITED

Safety

There were no lost time injuries since YSSCCL's incorporation to 30 June 2008.

Environment

There were no reportable environmental incidents in the period.

Mining, Production and Costs

Set out below are the mining, production and costs for the six months to 30 June 2008.

TABLE 1

Copper Production Six months ended June 08 Units			Zinc Production Six months ended June 08 Units			Copper - Zinc Production Six months ended June 08 Units		
Ore mined	t	168,580	Ore mined	t	101,020	Ore mined	t	267,389
Grade Cu	%	0.69	Grade Zn	%	5.02	Grade Zn	%	3.39
						Grade Cu	%	1.86
Ore milled	t	—	Ore milled	t	214,031	Ore milled	t	213,637
Cu grade	%	—	Zn grade	%	5.70	Zn grade	%	3.78
						Cu grade	%	1.94
Cu recoveries	%	—	Zn recoveries	%	87.20	Zn recoveries	%	80.39
						Cu recoveries	%	81.04

TABLE 2

Concentrate Production and Sales		Units
Six months ended June 08		
Production		
Copper concentrate	t	8,413
Zinc concentrate	t	30,070
Copper – Zinc concentrate	t	18,113
Concentrate Sales		
Copper concentrate	t	4,648
Zinc concentrate	t	39,945
Copper – Zinc concentrate	t	18,344
Contained Metal~		
Cu	t	2,671
Zn	t	22,993
Au	oz	148
Ag	oz	133,633

TABLE 3

Operating Costs for six months to June 08	
(Copper equivalent)	
All in US\$'000	Half year
(HKFRS adjusted)	to June 2008
Operating*	18,704
Transportation costs	2,957
By-product credit^	(1,604)
Total Cash Cost	20,057
Depreciation and amortisation#	1,465
Total Production Cost	21,522

~ where there are payable terms

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

^ Revenue from gold and silver

Includes amortisation of mine assets and exploration and resource drilling

For the six months to 30 June 2008, a total of 536,989 tonnes of ore was mined. In early May 2008, YSSCCL successfully commissioned SGS's differential flow sheet in mill 4 where it is now producing a separate saleable copper concentrate and zinc concentrate. YSSCCL started selling copper and zinc concentrates from mill 4 in late May 2008 as scheduled.

During the half-year period, YSSCCL's operations have produced 30,070 tonnes of zinc concentrate (six months ended 30 September 2007: 25,139 tonnes), 8,413 tonnes of copper concentrate (six months ended 30 September 2007: 7,800 tonnes) and 18,113 tonnes of copper – zinc concentrate (six months ended 30 September 2007: nil). Contained metal for the half-year period was 2,671 tonnes copper (six months ended 30 September 2007: 2,276 tonnes) and 22,993 tonnes zinc (six months ended 30 September 2007: 16,166 tonnes). This produced revenue of RMB334.56 million or US\$47.39 million (six months ended 30 September 2007: RMB198.63 million or US\$26.30 million).

Total cash costs for the six months ended 30 June 2008 were US\$0.14 per lb copper equivalent (six months ended 30 September 2007: US\$0.1372 per lb copper equivalent). In August 2008, we have successfully installed the new high voltage power line at mine site and, as a result, demobilized the Aggreko operated 9 mega watt diesel power station. Consequently, YSSCCL's electrical costs will be substantially reduced from September 2008 onwards as YSSCCL moves to national grid power from diesel generated power.

The average copper price and zinc price received in the six months ended 30 June 2008 were RMB44,828 / tonne (approximately US\$6,349 / tonne) and RMB10,452 / tonne (approximately US\$1,480 / tonne), respectively, which were 16.82% and 37.29% below 2007 results for the six months ended 30 September 2007.

The board of YSSCCL has approved the expansion of copper production at Dapingzhang by increasing mill throughput by over 65% in 2009. Long-lead-time equipment has been purchased or committed to.

EXPLORATION

YSSCCL has continued the near-mine exploration activity with the aim of discovering new resources. The Group has also continued its exploration activity at Yinzishan with the purpose of expanding its resource inventory.

WEST CHINA COKING AND GAS COMPANY LIMITED

During the half-year period, West China Coke's operations have produced a total of 514,711 tonnes of coke, 44,152 tonnes of refined methanol, 15,003 tonnes of tar, 4,872 tonnes of ammonium sulphate and 4,103 tonnes of crude benzol. This produced revenue of RMB849 million or US\$120 million (six months ended 30 September 2007: RMB575 million or US\$81 million). The average coke price and methanol price received in the six months ended 30 June 2008 was RMB1,593 / tonne (approximately US\$225 / tonne) and RMB3,416 / tonne (approximately US\$484 / tonne), respectively.

The Group received a dividend of RMB9 million (approximately US\$1.34 million) for the financial year ended 31 December 2007.

Ji Ri Ga Lang

During the half-year period, confidence in the Ji Ri Ga Lang coal resource has been advanced by the results of a detailed drilling programme, which confirms a coal resource of 92.2 million tonnes in accordance with the JORC Code. The 92.2 million tonnes resource is allocated in the measured and indicated categories; 87% of which is a measured resource. This is the first classification of JORC resources for the Ji Ri Ga Lang coal deposit, a major step forward for this strategic asset.

The process is underway to convert the exploration licence to a fully operational mining licence. Phase one of the three-phase process has been completed where the application to alter the size of the exploration licence was approved. The exploration licence was reissued in August. The issuance of the exploration licence was an important cornerstone to the conversion of the exploration licence to a mining licence as the new exploration licence becomes the definitive mine boundary and the defined mineral reserve. Thus far significant progress has been achieved with the appointment of all key governmental agencies to undertake the contributory reports for facilitating the conversion of the exploration licence to a mining licence. We await the receipt of final regulatory approvals from the Inner Mongolian government authorities.

PROJECT X AND JI LIN SOUTH

The negotiation of acceptable joint venture agreements for the development of Project X and Ji Lin South coal fields remain a continuing priority for the Group. The CCEC team has made progress for securing joint venture agreements albeit at a slower rate than we expected. Currently the joint venture documentation is under negotiation with the Chinese parties.

ZHUN DONG

The Group is evaluating the possibility of divesting this asset and any proceeds from sale of this asset will strengthen our balance sheet. In the meantime, drilling works will commence for the next phase of the geological programme that is aimed at renewing the exploration licences in January 2009.

REGENT MARKETS GROUP

Regent Markets Holdings Company Limited (“**Regent Markets**”) has enjoyed a successful 2008, with projected turnover for the year expected to reach US\$130 million, a 40% increase over 2007. The company continues to lead the UK’s fixed-odds financial betting sector and is consolidating this lead by laying emphasis on its website technology and client service. The company will shortly be launching a redesign of its flagship betonmarkets.com website, containing substantial technological improvements. The company is looking forward to continued growth in the latter part of 2008 and 2009.

OUTLOOK

Over the 12 months the developed economies have experienced considerable weakness from the onset of the credit crisis. The asset deflation that is being spread across the developed economies is reducing wealth across these economies; the unprecedented lending of “easy consumer finance” has ended, particularly in the United States.

However, we have not seen the emerging economies that we operate in suffering a direct spill over of the bursting of the credit bubble. China and the other strong emerging economies such as India and Russia are still experiencing strong growth from domestic demand and trading among these emerging economies.

While we expect global economic growth will continue to slow as a result of the developed economies experiencing weakening in the next 12 months or so, we continue to believe that the continued massive industrialisation in China will provide support for the global economy and particularly our products that are sold within China.

In respect of the commodities outlook, in the short term, we expect the price of copper and coal to remain high compared to historical levels. Copper supplies continue to struggle to keep up with demand and production continues to be affected by extraordinary disruptions. We anticipate a “modest deficit” in copper-supply demand for 2008. There are further factors underpinning copper prices, not least electricity power shortages in China, and constraints common to the global resources sector, including rising input costs, and the phalanx of risks associated with progressing a project to a commissioned mine. There are delays on major committed copper projects that are averaging 6 to 12 months and as recent additions were unable to offset depletion and 2007-08 demand growth, we do not expect new projects to materially alter the severely constrained copper supply picture. The zinc price has dropped significantly by over 30%, which has reduced earnings for the first-half year at YSSCCL. The drop in the zinc price should be somewhat offset by the start up of production of copper from the largest mill at YSSCCL.

And for the long term, the demand for our commodities, especially copper and coal, is expected to remain strong. The copper market looks set to remain historically very tight over the next five years. We expect that the effects of the slow down being experienced in the developed economies should have minimal effect on the strong demand for our commodities.

TRADING RECORD OVER LAST FIVE YEARS

	(Unaudited) Six months ended 30 June	(Audited) Nine months ended 31 December	(Audited) Year ended 31 March			
	2008 US\$'000	2007 US\$'000	2007 US\$'000	2006 US\$'000	2005 US\$'000	2004 US\$'000
Total income	2,801	2,598	3,684	3,722	3,602	2,595
Income less expenses	(6,421)	(4,695)	(2,981)	(5,312)	158	(2,001)
Finance costs – interest on convertible bonds and redeemable convertible preference shares	(279)	(1,662)	(2,613)	(8)	—	—
Operating (loss)/profit	(6,700)	(6,357)	(5,594)	(5,320)	158	(2,001)
Share of profits/(losses) of associates	2,331	678	1,828	13,001	(42,043)	7,089
Share of profit of a jointly controlled entity	8,086	7,067	4,378	—	—	—
Profit/(Loss) before taxation	3,717	1,388	612	7,681	(41,885)	5,088
Taxation	—	—	—	—	(7)	—
Profit/(Loss) for the period/year	3,717	1,388	612	7,681	(41,892)	5,088
Minority interests	291	215	(30)	(5)	(438)	(15)
Profit/(Loss) attributable to equity holders of the Company	4,008	1,603	582	7,676	(42,330)	5,073

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\$4.01 million for the six months ended 30 June 2008.

The jointly controlled entity and the associates of the Group, Yunnan Simao Shanshui Copper Company Limited, Regent Markets Holdings Limited and West China Coking & Gas Company Limited, contributed a share of profit of US\$8.09 million, US\$0.29 million and US\$2.04 million respectively to the Group for the six months ended 30 June 2008. YSSCCL recorded a profit of RMB142.72 million (equivalent to US\$20.21 million) for the six months ended 30 June 2008.

The fair value loss from investments for the six months ended 30 June 2008 was US\$0.82 million due mainly to the marked-to-market decrease in the shares of the Group's securities portfolio. Of this US\$0.82 million fair value loss, US\$0.69 million represented realised profit and US\$1.51 million was unrealised loss.

The Group continued to invest further in the future development of the business. The main increase in costs was due to increased personnel and professional fees mainly as a result of the purchase and integration of CCEC Ltd.

The finance cost represented the interest expenses of the redeemable convertible preference shares amounting to US\$0.28 million for the six months ended 30 June 2008.

The main elements of the profit are analysed as follows:

	<i>US\$ million</i>
Share of profit from YSSCCL	8.09
Share of profit from Regent Markets	0.29
Share of profit from West China Coke	2.04
Coal mining	(2.57)
Metals mining	(1.93)
Corporate investment	(1.63)
Finance costs	(0.28)
	<hr/>
Total profit attributable to shareholders	4.01

BALANCE SHEET

The shareholders' equity increased by 3.33% to US\$397.22 million as at 30 June 2008 from US\$384.42 million as at 31 December 2007. The increase was mainly due to (i) the conversion of the US\$9 million convertible bonds resulting in a total increase of share capital and share premium of US\$8.62 million, and (ii) the profit of US\$4.01 million for the six months ended 30 June 2008.

The investments in YSSCCL of US\$40.22 million, Regent Markets of US\$2.57 million and West China Coke of US\$17.25 million accounted for 10.13%, 0.65% and 4.34% of the shareholders' equity respectively. The Group's other assets comprised: (i) goodwill of US\$194.90 million, (ii) exploration and evaluation assets of US\$29.28 million, (iii) cash of US\$95.43 million, (iv) listed and unlisted investments of US\$13.15 million, and (v) other assets and receivables of US\$15.81 million.

The Group's liabilities comprised: (i) redeemable convertible preference shares (liability portion) of US\$5.18 million, (ii) finance lease obligation of US\$0.07 million and (iii) trade payables and others of US\$3.26 million.

FUTURE FUNDING

As at 30 June 2008, the Group had US\$95.43 million cash or 24.02% of its total shareholders' equity, which did not take into account the Group's holding of listed securities that amounted to US\$12.53 million.

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 the Group's own balance sheet and pending increase in cash flow.

MANAGEMENT OF RISK

The most significant risk affecting the profitability and viability of the Company is its 40% interest in YSSCCL, a Sino-foreign equity joint venture enterprise that produces copper and zinc concentrates with gold and silver credits. There are also risks affecting the Group's profitability and viability in 2008 in respect of the Group's interest in ACMC and West China Coke.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 30 June 2008.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend in respect of the six months ended 30 June 2008 (six months ended 30 September 2007: nil).

We purchased shares under the US\$10 million share buy-back program since it was announced in January 2008. We repurchased and cancelled 130,355,000 shares, via on-market buy backs, at an approximate average price of HK\$0.528 (US\$0.068) for a total consideration of HK\$69 million (US\$8.8 million). These shares were purchased via an independent third party broker. Details of the repurchases are set out in the section headed "Purchase, Sale and Redemption of Listed Securities" below.

Under our existing share repurchase mandate granted at the Company's annual general meeting held on 12 June 2008, we can repurchase and cancel up to 452,647,341 shares before the Company's next annual general meeting. We will continue to monitor the buy back of shares.

DIRECTOR'S INTERESTS IN SECURITIES AND OPTIONS

As at 30 June 2008, the Directors of the Company had the following beneficial interests in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company or of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "SFO")), which were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which were otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to The Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") as set out in Appendix 10 to the HK Listing Rules:

1. SECURITIES OF THE COMPANY

a. Ordinary shares of US\$0.01 each

Name of Director	Note	Capacity in which the shares are held	Long/Short Position	Number of shares*	Approximate % holding **
James Mellon		Beneficial owner	Long position	51,516,180	1.14%
	A	Beneficiary of a trust	Long position	370,821,131	8.21%
Stephen Dattels		Beneficial owner	Long position	21,514,256	0.48%
	B	Corporate interests	Long position	218,543,097	4.84%
Jamie Gibson		Beneficial owner	Long position	4,419,138	0.10%
Stephen Bywater	C	Corporate interests	Long position	99,168,698	2.20%
Clara Cheung		Beneficial owner	Long position	1,200,000	0.03%
David Comba		—	—	—	—
Julie Oates		—	—	—	—
Mark Searle		Beneficial owner	Long position	4,194,444	0.09%
	D	Beneficiary of a trust	Long position	50,000	0.00%
John Stalker		—	—	—	—
Jayne Sutcliffe		Beneficial owner	Long position	17,160,465	0.38%
	E	Beneficiary of a trust	Long position	27,965,226	0.62%

* These numbers do not include the number of the shares to be issued upon conversion of the Redeemable Convertible Preference Shares and upon exercise of the outstanding options under the Share Option Scheme (2002) held by the Directors, which are disclosed in subparagraphs (b) and (c) below.

** The total issued ordinary share capital of the Company as at 30 June 2008 consisted of 4,517,798,419 shares. Following the repurchase of an aggregate of 88,600,000 shares, the Company's issued ordinary share capital consists of 4,429,198,419 shares as at the date of this report.

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

Please refer to note 10.2 to the Financial Statements as to the details of the Redeemable Convertible Preference Shares.

As at 30 June 2008, there were 5,500 Redeemable Convertible Preference Shares outstanding, which may be convertible into 147,931,035 ordinary shares. The Directors of the Company had the following beneficial interests in the Redeemable Convertible Preference Shares:

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

No Redeemable Convertible Preference Shares were converted into new ordinary shares subsequent to the period end date and prior to the date of this report.

c. Options of the Company

Please refer to note 10.3 to the Financial Statements as to the details of the Share Option Scheme (2002).

As at 30 June 2008, the following Directors of the Company had personal interests in options granted under the Share Option Scheme (2002), entitling them to subscribe for ordinary shares of US\$0.01 each in the capital of the Company in accordance with, and subject to, the terms of the scheme:

Name of Director	Date of grant	Total number of shares subject to the option #	Subscription		Number of shares subject to vested options #	Consideration for grant of option (HK\$)
			price per share (HK\$)	Exercise period#		
James Mellon	2 October 2007	13,000,000	1.152	2 October 2008 – 1 October 2017	—	10.00
Jamie Gibson	9 September 2004	11,000,000	0.266	9 September 2005 – 8 September 2014	11,000,000	10.00
	4 April 2006	45,600,000	0.300	4 April 2007 – 3 April 2016	30,400,000	10.00
	2 October 2007	13,000,000	1.152	2 October 2008 – 1 October 2017	—	10.00
Clara Cheung	4 April 2006	8,000,000	0.300	4 April 2007 – 3 April 2016	5,333,333	10.00
	14 December 2006	6,000,000	0.325	14 December 2007 – 13 December 2016	2,000,000	10.00
	2 October 2007	7,000,000	1.152	2 October 2008 – 1 October 2017	—	10.00
David Comba	2 October 2007	5,000,000	1.152	2 October 2008 – 1 October 2017	—	10.00
John Stalker	15 May 2007	12,000,000	0.780	15 May 2008 – 14 May 2017	4,000,000	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.

During the six months ended 30 June 2008 or prior to the date of this report, no new options were granted to the Directors of the Company under the Share Option Scheme (2002). None of the outstanding options were exercised or cancelled or lapsed during the period or prior to the date of this report.

2. SECURITIES OF ASSOCIATED CORPORATIONS

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

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

b. Ordinary shares of US\$0.01 of bigsave Holdings plc (in members' voluntary liquidation) (note F)

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

Notes:

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

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

B. *The 218,543,097 ordinary shares in the Company are held by companies owned by Stephen Dattels.*

These companies acquired an aggregate of 7,000,000 shares in July 2008. Accordingly, as at the date of this report, Mr Dattels has corporate interests in 225,543,097 shares in the Company.

C. *The 99,168,698 ordinary shares in the Company are held by a company owned by Stephen Bywater.*

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

E. *The 27,965,226 ordinary shares in the Company and the 350,000 ordinary shares in bigsave Holdings plc are held by the trustee of a discretionary trust, under which Jayne Sutcliffe and members of her family may become beneficiaries.*

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

Save as disclosed herein, as at 30 June 2008 none of the Directors (or their associates) had any beneficial interests or short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) or debentures of the Company or of any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests and short positions which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to the Model Code.

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

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2008, the following persons (other than James Mellon and Stephen Dattels, whose interests are set out in detail under the section headed "Directors' Interests in Securities and Options") had the following beneficial interests in the shares of the Company, which were recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which were otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests which they were deemed or taken to have under such provisions of the SFO):

Name of shareholder	Note	Class of shares	Capacity in which the shares are held	Long/Short position	Total interests (Number of shares)	Approximate % holding**	Derivative interests (Number of shares)
Israel Alexander Englander	A	Ordinary shares	Interest of controlled corporation	Long position	303,293,306	6.71%	Nil
		Ordinary shares	Interest of controlled corporation	Short position	92,000	0.00%	Nil
Integrated Holding Group, LP	A	Ordinary shares	Interest of controlled corporation	Long position	303,293,306	6.71%	Nil
		Ordinary shares	Interest of controlled corporation	Short position	92,000	0.00%	Nil
Millennium Management, LLC	A	Ordinary shares	Interest of controlled corporation	Long position	303,293,306	6.71%	Nil
		Ordinary shares	Interest of controlled corporation	Short position	92,000	0.00%	Nil
Barclays PLC		Ordinary shares	Beneficial owner	Long position	353,000	0.01%	Nil
		Ordinary shares	Person having a security interest in shares	Long position	303,308,306	6.71%	Nil

** The total issued ordinary share capital of the Company as at 30 June 2008 consisted of 4,517,798,419 shares. Following the repurchase of an aggregate of 88,600,000 shares, the Company's issued ordinary share capital consists of 4,429,198,419 shares as at the date of this report.

Notes:

A. These shareholders disclosed the interests held by corporations controlled by the respective named shareholders. The disclosures referred to the same lot of interests.

Subsequent to the period end date, these shareholders filed notices with the Company. As at the date of this report, each of these shareholders is interested in a long position in 309,675,306 shares in the Company.

Save for such interests, the Directors are not aware of any other persons who, as at 30 June 2008, had beneficial interests and short positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company, which would have to be recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests and short positions which they were deemed or taken to have under such provisions of the SFO).

THE CODE ON CORPORATE GOVERNANCE PRACTICES

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

The Company has applied the principles of the Code on CG Practices since their adoption on 1 January 2005 as mentioned above in a manner consistent with best practices of a listed issuer. The primary responsibility for ensuring that the Code on CG Practices is complied with rests with the Directors with the full support of the Company’s 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 months ended 30 June 2008.

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 months ended 30 June 2008.

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 three independent non-executive Directors, namely David Comba, Julie Oates and Mark Searle. Each of the independent non-executive Directors has confirmed that he/she complies with the independence criteria set out in Rule 3.13. The Directors consider that all the independent non-executive Directors to be independent under these independence criteria and are capable to effectively exercise independent judgement. Amongst them, Julie Oates has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2).

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

REVIEW BY THE AUDIT COMMITTEE

The interim financial statements of the Company for the six months ended 30 June 2008 have been reviewed by the audit committee of the Company (the “**Audit Committee**”).

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

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

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

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

INTERNAL CONTROL

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

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") was established on 5 November 2004, with its written terms of reference adopted on 18 March 2005 in compliance of the code provisions in B.1 of the Code on CG Practices. It currently comprises the Non-Executive Co-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.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2008, an aggregate of 41,755,000 shares were repurchased by the Company on the HK Stock Exchange, details of which are set out below:

Date	Number of shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Total amount paid (HK\$)
30 January 2008	5,450,000	0.740	0.680	3,891,090
31 January 2008	2,000,000	0.700	0.690	1,397,000
11 February 2008	1,600,000	0.740	0.730	1,183,000
12 February 2008	120,000	0.740	0.740	88,800
15 February 2008	300,000	0.850	0.840	254,500
21 May 2008	11,210,000	0.720	0.660	7,786,890
22 May 2008	4,700,000	0.700	0.650	3,157,190
23 May 2008	5,600,000	0.700	0.660	3,821,940
28 May 2008	2,100,000	0.700	0.700	1,470,000
12 June 2008	5,475,000	0.750	0.630	3,766,260
13 June 2008	3,200,000	0.730	0.730	2,336,000
	<u>41,755,000</u>			<u>29,152,670</u>

Subsequent to the period end date, an aggregate of 88,600,000 shares were repurchased by the Company on the HK Stock Exchange, details of which are set out below:

Date	Number of shares repurchased	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Total amount paid (HK\$)
4 July 2008	23,000,000	0.530	0.395	10,462,190
7 July 2008	15,000,000	0.470	0.450	7,011,535
8 July 2008	10,600,000	0.440	0.415	4,582,660
9 July 2008	40,000,000	0.480	0.390	17,560,135
	<u>88,600,000</u>			<u>39,616,520</u>

The Company has not redeemed any of its securities during the period or subsequent to the period end date and prior to the date of this report.

PUBLICATION ON WEBSITES

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

On behalf of the Board of
Regent Pacific Group Limited

James Mellon
Co-Chairman

Directors of the Company:

James Mellon (*Co-Chairman*)*
Stephen Dattels (*Co-Chairman*)*
Jamie Gibson (*Chief Executive Officer*)
Stephen Bywater*
Clara Cheung
David Comba#
Julie Oates#
Mark Searle#
John Stalker*
Jayne Sutcliffe*

* *Non-Executive Directors*

Independent Non-Executive Directors

Hong Kong, 4 September 2008