Regent Pacific Group Limited





(Incorporated in the Cayman Islands with Limited Liability)
Stock Code: 0575

30 August 2012

ANNOUNCEMENT

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

PERFORMANCE OVERVIEW

A summary of the financial performance and other notable events for the period include:

- Loss of US$32.87 million, which was mainly attributable to the marked-to-market losses in respect of the Company's listed equity portfolio of investments, which is a non-cash item
- Shareholders' equity of US$145.06 million or net asset value ("**NAV**") per share of Hong Kong cents 32.45, a decrease of 20.31% as compared at 31 December 2011
- Disposal of the Group's remaining shares in Polo Resources Limited ("**Polo**"), providing the Group with proceeds (before expenses) of approximately US$3.39 million and a loss on disposal of US$1.01 million during the period ended 30 June 2012. However, taken as a whole, the disposal was successful because it provided the Group with an overall investment return of approximately US$5.07 million comprising sales proceeds (before expenses) of approximately US$8.43 million, dividends received of approximately US$6.72 million, net of investment costs of approximately US$10.08 million over the period from the year of 2008 to 30 June 2012
- Successful sale of the Group's interests in the Ji Ri Ga Lang Coal Project ("**JRGL Coal Project**") that closed in January 2012, which generated a realised gain of US$4.41 million
- Increasing the Group's strategic position in BC Iron Limited ("**BCI**") to 23.11%
- Strong financial position with no debt, with over US$114.63 million in cash, listed and unlisted securities

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As previously announced, we are pleased to inform shareholders and potential investors that so far in the second half of this financial year, the Group has:

- sought and had appointed Jamie Gibson to the board of BCI as a Non-Executive Director, following which the Group expects that it will equity account its investment going forward whereby the Group's consolidated financial statements will reflect its share (currently 23.11%) of the net profit or loss of BCI

- further increased its strategic position in Venturex Resources Limited ("**Venturex**") to 31.87% through participation in the recently completed entitlements issue and acquiring additional Venturex shares on-market (as announced by the Company on 2 August 2012)

Going forward, we will continue to closely monitor the markets and manage our investments as we do in the ordinary discharge of our business as well as drive growth by focussing on the enhancement of our core businesses and by continuing to pursue accretive acquisition and investment opportunities.

RESULTS

The directors (the "**Directors**" or the "**Board**") of Regent Pacific Group Limited (the "**Company**" or "**Regent**" and collectively with its subsidiaries, the "**Group**") announce the unaudited results of the Group for the six months ended 30 June 2012, together with comparative figures for the six months ended 30 June 2011, as follows:

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2012

	Notes	(Unaudited) For the six months ended 30 June 2012 US$'000	30 June 2011 US$'000
			(Restated)
Continuing operations			
Revenue/Turnover:	3		
Corporate investment income		349	1,298
Other income		57	307
		406	1,605
Fair value (loss)/gain on financial instruments		(30,640)	3,836
Total income		(30,234)	5,441
Expenses:			
Employee benefit expenses		(4,684)	(3,441)
Rental and office expenses		(456)	(294)
Information and technology expenses		(135)	(119)
Marketing costs and commissions		(17)	(37)
Professional and consulting fees		(346)	(323)
Transaction cost on termination of acquisition of BCI		—	(5,487)
Other operating expenses		(955)	(494)
Operating loss	4	(36,827)	(4,754)
Gain on disposal of the Yinzishan Mining Project		—	2,401
Share of results of associates		388	1,468
Loss before taxation		(36,439)	(885)
Taxation	5	—	—
Loss for the period from continuing operations		(36,439)	(885)
Discontinued operations	8		
Operating loss		—	(290)
Gain on disposal of the JRGL Coal Project	9	4,409	—
Taxation		(991)	—
Profit/(Loss) for the period from discontinued operations		3,418	(290)
Loss for the period		**(33,021)**	**(1,175)**

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2012

	Notes	(Unaudited) For the six months ended 30 June 2012 US$'000	30 June 2011 US$'000
			(Restated)
Other comprehensive income			
Unrealised loss on available-for-sale financial assets		(1,027)	—
Reclassified to profit or loss on disposal of available-for-sale financial assets		—	(6,858)
Exchange (loss)/gain on translation of financial statements of foreign operations		(23)	639
Reversal of exchange reserve upon disposal of subsidiaries		(110)	(225)
Share of other comprehensive income of associates		(47)	1,264
Other comprehensive income for the period		**(1,207)**	**(5,180)**
Total comprehensive income for the period		**(34,228)**	**(6,355)**
(Loss)/Profit for the period attributable to:			
Shareholders of the Company		(32,865)	(1,504)
Non-controlling interests		(156)	329
		(33,021)	**(1,175)**
(Loss)/Profit attributable to shareholders of the Company arises from:			
Continuing operations		(36,283)	(1,239)
Discontinued operations		3,418	(265)
		(32,865)	**(1,504)**
Total comprehensive income attributable to:			
Shareholders of the Company		(34,070)	(7,032)
Non-controlling interests		(158)	677
		(34,228)	**(6,355)**
Total comprehensive income attributable to shareholders of the Company arises from:			
Continuing operations		(37,488)	(7,047)
Discontinued operations		3,418	15
		(34,070)	**(7,032)**
Losses per share from continuing and discontinued operations	6	US cent	US cent
– Basic and diluted		(0.98)	(0.04)
Losses per share from continuing operations	6	US cent	US cent
– Basic and diluted		(1.08)	(0.03)
Earnings/(Losses) per share from discontinued operations	6	US cent	US cent
– Basic and diluted		0.10	(0.01)

Consolidated Statement of Financial Position
As at 30 June 2012

	Notes	(Unaudited) As at 30 June 2012 US$'000	(Audited) As at 31 December 2011 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill		—	—
Exploration and evaluation assets		—	—
Property, plant and equipment		344	296
Interests in associates		24,692	24,727
Available-for-sale financial assets		10,938	9,287
		35,974	34,310
Current assets			
Cash and bank balances		12,552	16,412
Financial assets at fair value through profit or loss		91,139	126,026
Loan receivables		—	—
Prepayments, deposits and other receivables		6,573	10,034
Derivative financial instruments		2,349	1,975
Assets classified as held for sale		—	17,728
		112,613	172,175
Current liabilities			
Trade payables, deposit received, accruals and other payables	7	(3,451)	(5,534)
Dividend payable		—	(13,463)
Derivative financial instruments		—	(491)
Liabilities directly associated with assets classified as held for sale		—	(3,649)
		(3,451)	(23,137)
Net current assets		109,162	149,038
Total assets less current liabilities		145,136	183,348
NET ASSETS		**145,136**	**183,348**
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital		34,857	34,857
Reserves		110,205	147,167
Equity attributable to shareholders of the Company		145,062	182,024
Non-controlling interests		74	1,324
TOTAL EQUITY		**145,136**	**183,348**
NAV per share:			
– US cents		4.16	5.22
– Hong Kong cents		32.45	40.72

Notes:

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, Grand Cayman, KY1-1104, 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.

On 21 December 2011, the Company entered into a sale and purchase agreement for the sale of its interests in the entire issued share capital of Regent Coal (BVI) Limited ("**RC(BVI)**") and Abagaqi Changjiang Mining Company Limited ("**ACMC**"), which mainly holds the JRGL Coal Project, to the purchasers for a total consideration of RMB 115,000,000 (or equivalent to approximately US$18,196,000), payable in cash. Upon the disposal, the Group's coal mining business has been discontinued and presented as discontinued operations in accordance with Hong Kong Financial Reporting Standard 5 ("**HKFRS 5**"). Certain comparatives in the consolidated statement of comprehensive income and the related notes have been restated as a result of the retrospective application of HKFRS 5. The disposal of the JRGL Coal Project was completed on 17 January 2012.

The interim financial report has 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 ("**HKICPA**").

The accounting policies used in the preparation of the interim financial report are consistent with those used in the annual financial statements for the year ended 31 December 2011, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include individual Hong Kong Financial Reporting Standards, HKASs and Interpretations) as disclosed in note 2 below.

The interim financial report does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011.

2. Adoption of new or revised HKFRSs

In the current period, the Group has applied for the first time the following new standards, amendments and interpretations (the "**new HKFRSs**") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2012:

Amendments to HKFRS 7	Disclosures – Transfers of financial assets

The adoption of these new HKFRSs had no material impact on how the results and financial position for the current and prior periods have been prepared and presented.

At the date of authorisation of these financial statements, certain new HKFRSs have been published but are not yet effective and have not been adopted early by the Group.

Amendments to HKFRSs	Annual improvements to HKFRSs 2009-2011 cycle[2]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[2]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities [2]
Amendments to HKFRS 9 and HKFRS 7	Mandatory effective date of HKFRS 9 and Transition Disclosure[4]
HKFRS 9	Financial Instruments [4]
HKFRS 10	Consolidated Financial Statements [2]
HKFRS 12	Disclosure of Interests in Other Entities [2]
HKFRS 13	Fair Value Measurement [2]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[1]
HKAS 19 (2011)	Employee Benefits[2]
HKAS 27 (2011)	Separate Financial Statements [2]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [2]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[3]

[1] Effective for annual periods beginning on or after 1 July 2012
[2] Effective for annual periods beginning on or after 1 January 2013
[3] Effective for annual periods beginning on or after 1 January 2014
[4] Effective for annual periods beginning on or after 1 January 2015

The Directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Certain other new HKFRSs have been issued but are not expected to have a material impact on the results and the financial position of the Group.

HKFRS 9 - Financial instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, the standard will affect in particular the Group's accounting for its available-for-sale financial assets, as HKFRS 9 only permits the recognition of fair value gains or losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains or losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 – Financial instruments: Recognition and measurement and have not been changed. The Group expects to adopt HKFRS 9 from 1 January 2015.

HKFRS 10 – Consolidated financial instruments builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. HKFRS 10 is applied retrospectively subject to certain transitional provisions.

HKFRS 12 – Disclosures of interests in other entities includes the disclosure requirement for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

HKFRS 13 – Fair value measurement aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRSs. HKFRS 13 can be adopted early and is applied prospectively.

HKAS 19 (Amendment) – Employee benefits eliminate the corridor approach and calculate finance costs on a net funding basis. The amendments will generally be applied retrospectively with two exceptions.

The Group is in the process of making an assessment of the potential impact of these new/revised HKFRSs.

3. Segment information

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the Executive Director for decisions about resources allocation to the Group's business components and for review of the performance of those components. The business components in the internal financial information reported to the Executive Director are determined following the Group's major product and service lines.

The Directors have identified the Group's three product and service lines as operating segments as follows:

Coking Coal	:	Production of coking coal
Metals Mining	:	Exploration and mining of metal resources
Corporate Investment	:	Investment in corporate entities, both listed and unlisted

Coal mining was discontinued during the year ended 31 December 2011 (see note 1 above).

These operating segments are monitored and strategic decisions are made on the basis of segment operating results. There were no sales between the reportable segments.

The measurement policies the Group uses for reporting segment results under HKFRS 8 are the same as those used in its financial statements prepared under HKFRSs, except that:

- finance costs;
- income tax;
- corporate income and expenses which are not directly attributable to the business activities of any operating segment; and
- share of results of associates accounted for using the equity method

are not included in arriving at the operating results of the operating segment.

Segment assets include all assets but exclude investments in available-for-sale financial assets and interests in associates.

Segment liabilities exclude corporate liabilities which are not directly attributable to the business activities of any operating segment and are not allocated to a segment.

Information regarding the Group's reportable segments is set out below:

For the six months ended 30 June 2012

	(Unaudited)					
	Discontinued operations	Continuing operations				
	Coal Mining US$'000	Coking Coal US$'000	Metals Mining US$'000	Corporate Investment US$'000	Sub-total US$'000	Total US$'000
Revenue from external customers	—	—	—	406	406	406
Segment results	—	(5)	(713)	(36,109)	(36,827)	(36,827)
Share of results of associates	—	(694)	—	1,082	388	388
Total results	—	(699)	(713)	(35,027)	(36,439)	(36,439)
Segment results from discontinued operations						—
Consolidated loss before income tax expense from continuing operations						(36,439)

For the six months ended 30 June 2011

	(Unaudited)					
	Discontinued operations	Continuing operations				
	Coal Mining US$'000	Coking Coal US$'000	Metals Mining US$'000	Corporate Investment US$'000	Sub-total US$'000	Total US$'000
Revenue from external customers	—	—	—	1,605	1,605	1,605
Segment results	(290)	(8)	(947)	(3,799)	(4,754)	(5,044)
Share of results of associates	—	977	—	491	1,468	1,468
Total results	(290)	969	(947)	(3,308)	(3,286)	(3,576)
Gain on disposal of the Yinzishan Mining Project						2,401
Segment results from discontinued operations						290
Consolidated loss before income tax expense from continuing operations						(885)

	Discontinued operations	Continuing operations				
	Coal Mining US$'000	Coking Coal US$'000	Metals Mining US$'000	Corporate Investment US$'000	Sub-total US$'000	Total US$'000
Segment assets						
– As at 30 June 2012 (unaudited)	—	402	22	112,533	112,957	112,957
– As at 31 December 2011 (audited)	17,728	7	15	154,721	154,743	172,471

4. Operating loss

	(Unaudited)					
	Continuing operations		Discontinued operations		Total	
	For the six months ended		For the six months ended		For the six months ended	
	30 June 2012 US$'000	30 June 2011 US$'000	30 June 2012 US$'000	30 June 2011 US$'000	30 June 2012 US$'000	30 June 2011 US$'000
Operating loss is arrived at after charging:						
Auditors' remuneration	65	68	–	28	65	96
Depreciation on owned property, plant and equipment	46	42	–	15	46	57
Operating lease charges on property and equipment^	402	425	–	–	402	425
Share-based payment (equity and cash settled)#	1,922	694	–	–	1,922	694
Loss on disposal of property, plant and equipment	15	–	–	–	15	–
Realised loss on derivative financial instruments@(3)	579	584	–	–	579	584
Realised loss on disposal of financial assets at fair value through profit or loss@(2)	377	–	–	–	377	–
Unrealised loss on derivative financial instruments@(3)	–	3,389	–	–	–	3,389
Unrealised loss on financial assets at fair value through profit or loss@(2)	30,058	–	–	–	30,058	–
and crediting:						
Interest income on bank deposits and loan receivable*	53	449	–	–	53	449
Net foreign exchange gain*	197	794	–	–	197	794
Dividend income from unlisted equities*	75	27	–	–	75	27
Dividend income from listed equities*	24	28	–	–	24	28
Unrealised gain on derivative financial instruments@(3)	374	–	–	–	374	–
Unrealised gain on financial assets at fair value through profit or loss@(2)	–	1,348	–	–	–	1,348
Realised gain on disposal of financial assets at fair value through profit or loss@(2)	–	49	–	–	–	49
Realised gain on disposal of the JRGL Coal Project	4,409	–	–	–	4,409	–
Realised gain on disposal of the Yinzishan Mining Project	–	2,401	–	–	–	2,401
Realised gain on disposal of available-for-sale financial assets@(1)	–	6,412	–	–	–	6,412

^ Included in operating lease charges on property and equipment were staff's accommodation expenses of nil (2011: US$180,000) that was included in "employee benefit expenses" on the face of the consolidated statement of comprehensive income.

* Included in revenue.

Included in share-based payment were (i) cash and equity settled employee share-based payment of nil and US$1,903,000, respectively (2011: US$330,000 and US$346,000, respectively) in relation to share awards granted to Directors and employees, and (ii) equity settled non-employee share-based payment of US$19,000 (2011: US$18,000) in relation to share awards granted to the Group's consultants.

@ These amounts constitute the fair value loss of US$30,640,000 (2011: fair value gain of US$3,836,000) in the consolidated statement of comprehensive income.

(1) During the period ended 30 June 2012, net gains on available-for-sale financial assets amounted to nil (2011: US$6,412,000).

(2) During the period ended 30 June 2012, net losses on financial assets at fair value through profit or loss amounted to US$30,435,000 (2011: gains of US$1,397,000), of which net unrealised loss of US$30,058,000 (2011: net unrealised gain of US$1,348,000) represented profit or loss resulted from the change in market value of the Group's financial assets at fair value through profit or loss.

(3) During the period ended 30 June 2012, net losses on derivative financial instruments amounted to US$205,000 (2011: US$3,973,000).

5. Taxation

No provision for Hong Kong profits tax has been made in the interim financial report as all the Group companies which are subject to such tax have sustained losses for taxation purposes for the period ended 30 June 2012 and 2011. Overseas tax is calculated at the rates applicable in the respective jurisdictions.

Share of associates' tax credit for the six months ended 30 June 2012 of US$34,000 (2011: tax charge of US$57,000) are included in the consolidated statement of comprehensive income as share of results of associates.

6. Earnings/(Losses) per share

(a) From continuing and discontinued operations

The calculation of basic losses per share is based on the loss attributable to shareholders for the period ended 30 June 2012 of US$32,865,000 (2011: US$1,504,000) and on the weighted average number of ordinary shares of 3,348,053,820 (2011: 3,846,223,681) in issue during the period.

The share options outstanding have an anti-dilutive effect on the basic losses per share of the Group for the periods ended 30 June 2012 and 2011. Accordingly, the effect of the share options was not included in the calculation of diluted losses per share for the periods ended 30 June 2012 and 2011.

Subsequent to the period ended 30 June 2012 and prior to the date of this report, no ordinary shares were issued and allotted.

(b) From continuing operations

The calculation of basic losses per share is based on the loss from continuing operations attributable to shareholders for the period ended 30 June 2012 of US$36,283,000 (2011: US$1,239,000) and on the weighted average number of ordinary shares of 3,348,053,820 (2011: 3,846,223,681) in issue during the period.

The share options outstanding have an anti-dilutive effect on the basic losses per share of the Group for the periods ended 30 June 2012 and 2011. Accordingly, the effect of the share options was not included in the calculation of diluted losses per share for the periods ended 30 June 2012 and 2011.

(c) From discontinued operations

The calculation of basic earnings/(losses) per share is based on the profit from discontinued operations attributable to shareholders for the period ended 30 June 2012 of US$3,418,000 (2011: loss of US$265,000) and on the weighted average number of ordinary shares of 3,348,053,820 (2011: 3,846,223,681) in issue during the period.

The share options outstanding have an anti-dilutive effect on the basic earnings/(losses) per share of the Group for the periods ended 30 June 2012 and 2011. Accordingly, the effect of the share options was not included in the calculation of diluted earnings/(losses) per share for the periods ended 30 June 2012 and 2011.

7. Trade payables, deposit received, accruals and other payables

	(Unaudited) As at 30 June 2012 US$'000	(Audited) As at 31 December 2011 US$'000
Trade payables	96	99
Deposit received, accruals and other payables	3,355	5,435
	3,451	5,534

At 30 June 2012 and 31 December 2011, the ageing analysis of trade payables was as follows:

	(Unaudited) As at 30 June 2012 US$'000	(Audited) As at 31 December 2011 US$'000
Due within 1 month or on demand	—	2
More than 6 months	96	97
	96	99

Included in trade payables were those payables placed in trust accounts amounting to US$29,000 as at 30 June 2012 (31 December 2011: US$29,000).

The fair value of trade payables, deposit received, accruals and other payables approximates their respective carrying amounts at the reporting date.

8. Discontinued operations

As mentioned in note 1, on 21 December 2011, the JRGL Coal Project, which constitutes the Group's business of coal mining, was disposed of to the purchasers for a total consideration of RMB 115,000,000 (or equivalent to approximately US$18,196,000), payable in cash. In the financial statements, the segment of coal mining was presented as discontinued operations. The disposal of the JRGL Coal Project was completed on 17 January 2012.

The revenue, results and cash flows of the discontinued operations are as follows:

	Notes	(Unaudited) For the six months ended 30 June 2012 US$'000	30 June 2011 US$'000
Revenue/Turnover:		—	—
Expenses:			
Employee benefit expenses		—	(100)
Information and technology expenses		—	(15)
Professional and consulting fees		—	(42)
Other operating expenses		—	(133)
Operating loss	4	—	(290)
Gain on disposal of the JRGL Coal Project		4,409	—
Profit/(Loss) before taxation		4,409	(290)
Taxation		(991)	—
Profit/(Loss) for the period from discontinued operations		3,418	(290)
Profit/(Loss) for the period from discontinued operations attributable to:			
Shareholders of the Company		3,418	(265)
Non-controlling interests		—	(25)
		3,418	(290)

The cash flows from the discontinued operations are as follows:

	(Unaudited) For the six months ended 30 June 2012 US$'000	30 June 2011 US$'000
Net cash generated from operating activities	—	610
Net cash used in investing activities	—	(1,415)
Net cash from financing activities	—	—
Effect of foreign exchange rates	—	651
Net	—	(154)

For the purpose of presenting discontinued operations, the comparative consolidated statement of comprehensive income and the related notes have been restated as if the operations discontinued during the period had been discontinued at the beginning of the comparative period.

9. Disposal of subsidiaries

On 17 January 2012, the Group disposed of its entire equity interest in its subsidiaries, RC(BVI) and ACMC, which mainly held the JRGL Coal Project in Inner Mongolia, PRC.

On 31 March 2011, the Group disposed of its entire equity interest in its subsidiaries, Regent Minerals Limited ("**RML**") and Simao Regent Minerals Limited ("**SRM**"), which mainly held the Yinzishan Mining Project in Yunnan, PRC.

The net assets of the disposed subsidiaries at their respective date of disposal were as follows:

	RC(BVI) and ACMC US$'000	RML and SRM US$'000
Goodwill	7,393	—
Exploration and evaluation assets	9,999	1,297
Property, plant and equipment	9	312
Prepayments and other receivables	185	4
Cash and bank balances	142	—
Accruals	(380)	(7)
Provision for legal claims	(3,269)	—
Non-controlling interests	(1,092)	—
Exchange reserve	(110)	(225)
Net assets disposed of	12,877	1,381
Gain on disposal of subsidiaries	4,409	2,401
Finder fee paid during the period	910	—
Total consideration	18,196	3,782
Satisfied by:		
Deposit received in prior year	3,634	—
Cash received during the period	14,562	3,782
Total cash	18,196	3,782
Net cash inflow arising on disposal		
Cash consideration	18,196	3,782
Deposit received in prior year	(3,634)	—
Finder fee paid	(910)	—
Cash and bank balance transferred	(142)	—
Cash received during the period	13,510	3,782

REVIEW AND PROSPECTS

MAIN ACTIVITIES

The Group's principal activities during the period were:

- Production of coke and related by-products at West China Coking and Gas Company Limited ("**West China Coke**") chemical plant in Yunnan Province, China, a Sino-foreign joint venture of which the Group holds an indirect 25% interest

- Continuing to execute our stated strategy of divesting non-core assets and investments, culminating in the successful disposals of the Group's interests in the JRGL Coal Project and Polo, which generated a combined realised gain of US$3.40 million

- Further bolstering the Group's strategic interest in BCI to 23.11% as at 30 June 2012

- Evaluation of other exploration and business development opportunities in Australia, China, Indonesia and elsewhere

FINANCIAL RESULTS

The Group reported a consolidated loss attributable to the shareholders of the Company for the six months ended 30 June 2012 of US$32.87 million (2011: US$1.50 million).

The main cause for the loss was the marked-to-market loss of US$30.06 million from the Group's investments in financial assets at fair value through profit or loss, which was off-set by the realised gain of US$3.40 million generated from the sale of the Group's interests in the JRGL Coal Project and Polo.

The first six months to the current financial year has seen continued volatility across the global financial markets. Despite having reported in our Annual Report for the year ended 2011 that our listed equity portfolio had recovered some of its 2011 losses, where realised and unrealised gains stood at approximately US$25.03 million for the two months ended 29 February 2012, in the period to follow global financial and foreign exchange markets have experienced and continue to experience significant levels of volatility that have eradicated the promising start to the year and further eroded the value of our listed portfolio of investments.

Heightened market volatility has been driven largely from the increased risk of a renewed recession in Europe, not helped by the uncertainty around the political elections in Greece and its desire and ability to remain part of the European Union. Macro economic imbalances stemming from a worsening sovereign debt crisis in Europe, together with retreating economic growth data out of China has, in turn, put further pressure on banks and exacerbated concerns of slowing global economic growth and the demand for commodities.□ These factors have proven and continue to be a negative for equities and foreign currencies (e.g. the Australian and Canadian dollar) in general and, more specifically, mining resource equities and commodities, as investors are steering away from so called "risk" assets and moving into US treasuries and the US dollar.

In light of the Group's significant investments in listed securities of companies engaged in the mining sector, we are continuing to closely monitor the markets and manage our investments as we do in the ordinary discharge of our business.

At the date of this announcement, two of the Group's larger investments in Venturex (31.87%) and BCI (23.11%) remain strategic passive investments and the Group continues to be optimistic that these investments will deliver value to shareholders over the coming years based on the fundamentals underpinning the projects of each of these companies. Like all its investments, the Group does closely monitor the performance of these investments and will continue to manage its positions accordingly.

The Group also holds a significant investment in Avion Gold Corporation ("**Avion**") (2.54%). On 7 August 2012, Avion announced an all scrip takeover bid from fellow TSX listed gold miner, Endeavour Mining Corporation ("**Endeavour**"), pursuant to which Endeavour is offering 0.365 Endeavour shares for each Avion share valuing Avion at CDN$0.88 per share or CDN$389 million, representing an implied premium of 56 per cent., using the respective closing prices of both companies on the TSX as of 7 August 2012. The transaction is to be executed via a court-approved plan of arrangement in Canada. The Group is currently considering the merits of the offer and will decide the best course of action following the release of further particulars of the transaction.

To date, the aggregate value of the Group's existing investment portfolio of listed securities, while fluctuating daily with the equity and foreign exchange markets as they are being marked-to-market, are largely tracking in line with the relevant resources indices, apart from our investment in Avion which is underperforming the relevant Canadian index primarily due to the military coup in Mali that took place in March 2012. However, as mentioned above, Avion is now the subject of an all scrip takeover bid from fellow TSX listed gold miner, Endeavour, the merits of which will be considered more closely following the release of further particulars of the transaction.

The Group's associates, Regent Markets Holdings Limited ("**Regent Markets**") and West China Coke, contributed a share of profit of US$1.08 million and a loss of US$0.69 million respectively to the Group for the six months ended 30 June 2012.

We are in a strong financial position with no debt, having cash, listed and unlisted securities of US$114.63 million as at 30 June 2012.

Shareholders' equity decreased by 20.31% to US$145.06 million as at 30 June 2012 from US$182.02 million as at 31 December 2011.

REVIEW OF RESULTS AND OPERATIONS

Divestments

During the period, the Group has continued to execute its stated strategy of divesting non-core assets and investments. In this respect, the Group successfully completed the disposal of its interest in the JRGL Coal Project in January 2012, generating a realised gain of US$4.41 million.

Subsequently, the Group also successfully disposed of its position in Polo, providing the Group with total proceeds (before expenses) of US$3.39 million.

West China Coke

During the six months ended 30 June 2012, West China Coke's operations produced a total of 411,065 tonnes of coke, 40,912 tonnes of refined methanol, 16,876 tonnes of tar, 3,766 tonnes of ammonium sulphate and 4,425 tonnes of crude benzol. This produced revenue of RMB 909.94 million or US$144.01 million (2011: RMB 949.97 million or US$145.24 million) and a net loss of RMB 17.83 million or US$2.83 million (2011: net profit of RMB 25.55 million or US$3.91 million). The average coke price and methanol price received in the six months ended 30 June 2012 was RMB 1,688 per tonne (approximately US$267.50 per tonne) and RMB 2,461 per tonne (approximately US$390.00 per tonne), respectively.

West China Coke declared a dividend of RMB 74,897,600 for the financial year ended 31 December 2011 and it is expected that the Group will share a dividend of RMB 16.85 million (approximately US$2.67 million) after withholding tax, of which RMB 16.25 million (approximately US$2.57 million) was reinvested in West China Coke with the balance of RMB 0.6 million (approximately US$0.1 million) being paid as a cash dividend in August 2012.

Regent Markets

Regent Markets has reported turnover for the six months ended 30 June 2012 exceeding US$85.32 million, a 44.86% increase over the corresponding period in 2011. Net profit for the six months ended 30 June 2012 was US$2.28 million (2011: US$1.07 million). 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.

BCI

As previously announced, the Group has bolstered its strategic position in BCI and holds 23.11% of its issued and outstanding share capital as at 30 June 2012.

In addition and more recently, the Group has sought and had appointed Jamie Gibson to the board of BCI as a Non-Executive Director, following which the Group expects that it will equity account its investment going forward whereby the Group's consolidated financial statements will reflect its share (currently 23.11%) of the net profit or loss of BCI.

For the first six months of this financial year, BCI has continued in its ramp up to full scale production from the Nullagine Iron Ore Joint Venture Project ("**NIOJVP**").□ The key milestones achieved by BCI and the NIOJVP during the period include the following:

- BCI announced its maiden profit, for the six month period to 31 December 2011, of A$8.9 million on 16 February 2012
- NIOJVP announced a revised resource and reserve estimate on 5 April 2012 which increased the mine life by 1.5 years to approximately 9 years
- NIOJVP reached the nameplate capacity of 5 Mtpa in May of 2012
- NIOJVP exceeded its production guidance, for the twelve month period to 30 June 2012, with 3.55 Mt of Bonnie Fines iron ore shipped
- C1 cash costs for the 3 months ending 30 June 2012, approximately A$42 per tonne, were lower than the life of mine forecast C1 costs for the first time in the NIOJVP's history
- BCI announced on 24 July 2012, that the company had cash on hand of A$92.8 million on 30 June 2012 which is an increase of A$52.5 million from the cash held at 31 March 2012

BCI's strong operational performance during the period was a key motivation behind the Group increasing its position in the company, which the Group considers important from a strategic investment standpoint.

BCI has achieved a number of important milestones in the six month period and now has steady cash flow despite volatilities in the commodity markets, operating at healthy margins. With its unhedged position, BCI is perfectly positioned to take advantage of and to capitalise on any increased demand for iron ore from China and the resulting improvement in the commodity price. The Group remains optimistic that the value of its investment in BCI will continue to grow at encouraging levels.

Venturex

The Group held 25.11% in Venturex as at 30 June 2012 and has further increased its strategic position in Venturex to 31.87% through a series of on-market acquisitions and participation in the recently completed entitlements issue.

During the period, Venturex progressed its feasibility study on its Pilbara Copper-Zinc Project ("**Project**") while, in parallel, continuing exploration activities on the expansive Brazilian tenement package which is prospective for gold.□ The key milestones achieved by Venturex during the period include the following:

- Progression of the Project feasibility study with average forecast production of 27,000 tpa of copper equivalent with C1 operating costs of A$1.15/lb of payable copper equivalent.□ Project economics indicate a minimum project mine life of 7 years and payback period of 3 years.□ The Project feasibility study is to be delivered by the end of September 2012

- In April 2012, entered into an infrastructure sharing agreement with an adjacent iron ore producer in order to reduce the Project's capital requirements

- In May 2012, completed a capital raising of A$11 million to progress the feasibility study and exploration activities

- Through the period, continued with exploration activities on the Brazilian tenements which are prospective for gold

- Subsequent to the end of the period, on 13 July 2012, Venturex acquired fourteen additional tenements which are in close proximity to the Project's proposed 1 Mtpa ore processing facility.□ One of these tenements has a JORC compliant mineral resource estimate of 6.3Mt at 0.5% copper and 3.3% zinc within six kilometres of the planned ore processing facility making it a likely source of ore that will extend the life of the Project

The Group sees the potential for Venturex to commence production at the end of 2014 and increase its resource base through ongoing exploration of known targets. In addition, the scale and favourable location of the Pilbara Copper-Zinc Project in Western Australia presents an attractive investment opportunity in a sophisticated and low risk regulatory environment. The Company hopes to assist Venturex to create a substantial platform from which to consolidate and grow in due course.

The Group's enlarged investment is sensible in light of the fact that Venturex has recently acquired fourteen additional tenements in the Sulphur Springs Region which complement its current assets in the area. The tenement package covers 35 square kilometres and includes the Kangaroo Caves deposit which has a JORC mineral resource estimate of 6.3Mt at 0.5% copper and 3.3% zinc and remains open in a number of directions. Kangaroo Caves is only six kilometres south east of the planned 1.0 Mtpa centralised Sulphur Springs processing hub making it a likely source of ore that will extend the life of the Pilbara Copper-Zinc Project.

In short, the Board considers our further acquisitions and subscription into Venturex to be good value with the potential for significant growth.

<u>**Trinity Exploration & Production Limited**</u>

The Group also holds a significant stake (5.59%) in Trinity Exploration & Production Limited ("**Trinity**"), a privately held UK based crude oil producer with assets in Trinidad & Tobago. In the first half of 2012, Trinity produced an average of 2,336 barrels of oil per day that resulted in net revenues of US$25.9 million and operating cash flow of US$14.1 million.

Trinity's main strength is a core on-shore asset base which generates relatively low risk oil production and steady earnings that should provide a solid platform to fund growth through off-shore exploration activity and acquisition of a number of new drilling licenses. The potential also exists for further growth to be achieved through accretive mergers and acquisitions and the purchase of minority interests in core properties. The company completed a restructuring transaction in Q4 2011 that included the consolidation of two smaller corporate entities, introduction of a new management team with long standing relationships and experience in Trinidad, a US$14 million equity financing and negotiation of a new debt facility with Citibank. As a result, Trinity has a healthy cash position as well as surplus debt capacity which provide the company with sufficient balance sheet strength to execute an ambitious growth strategy.

Through the remainder of 2012 and into 2013, Trinity plans to drill 20-25 wells that will grow on-shore production by approximately 25% as well as establish an off-shore exploration program that is expected to add substantial proven and probable reserves. Should these two goals be achieved, the company's net asset value will be increased considerably which should in turn set the stage for substantial further capital raising and potentially an IPO.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend in respect of the six months ended 30 June 2012 (For the year ended 31 December 2011: a special interim dividend of HK$0.03 in cash per share).

OUTLOOK

The first six months to the current financial year has seen continued volatility across the global financial, equity, foreign exchange and commodity markets. Unfortunately, without a meaningful and coordinated response by way of stimulus from central governments, we expect such volatility to continue unimpeded.

Macro economic imbalances stemming from a worsening sovereign debt crisis in Europe, together with retreating economic growth data out of China is continuing to put further pressure on banks and exacerbates concerns of slowing global economic growth and the demand for commodities for the second half of this financial year.□ Ongoing shocks from Europe's sovereign crisis, and the policy responses to them, are likely to be the biggest determinant of the outlook for the remainder of the year.

In respect of Europe, we now expect a deeper recession and only gradual stabilisation late in 2012. But this is conditional on major policy changes in the region, probably involving a partial 'mutualization' of the existing debt stock supported by the European Central Bank. In the emerging world outside of Europe, in respect of China in particular, we would expect spillovers to be smaller, although a key risk to this forecast lies in more substantial disruptions to global capital flows. We would expect growth in China to remain robust, with perhaps moderate softening in the near term, to be underwritten by targeted, albeit conservative measures to support balanced growth in its economy.

In the longer term, we retain a positive outlook on the global economy as the drivers of urbanisation and industrialisation in China, India and other emerging economies are expected to underpin global growth and robust demand for commodities.

In light of the Group's significant investments in listed securities of companies engaged in the mining sector, we will continue to closely monitor the markets and manage our investments as we do in the ordinary discharge of our business.

However, in these challenging market and economic conditions, opportunities are presenting themselves as valuations are becoming attractive and with our strong financial position we are pursuing acquisitions.

TRADING RECORD OVER LAST FIVE YEARS

	Six months ended 30 June	Year ended 31 December				Nine months ended 31 December
	2012 *US$'000*	2011 *US$'000*	2010 *US$'000*	2009 *US$'000*	2008 *US$'000*	2007 *US$'000*
Total income						
– Continuing operations	(30,234)	(24,615)	61,158	20,553	6,142	2,598
– Discontinued operations	–	–	–	–	–	–
	(30,234)	(24,615)	61,158	20,553	6,142	2,598
Income less expenses before impairment losses and provision	(36,827)	(45,212)	34,134	5,212	(13,912)	(4,695)
Reversal of impairment of exploration and evaluation assets	–	–	912	–	–	–
Impairment losses	–	(4,863)	(28)	–	(154,696)	–
Write down	–	(4,345)	–	(6,384)	–	–
Finance costs – interest on convertible bonds, redeemable convertible preference shares and hire purchase	–	–	(2)	(170)	(854)	(1,662)
Operating (loss)/profit	(36,827)	(54,420)	35,016	(1,342)	(169,462)	(6,357)
Gain on disposal of the JRGL Coal Project	4,409	–	–	–	–	–
Gain on disposal of a jointly controlled entity and the Zhun Dong Coal Project	–	–	19,834	–	–	–
Gain on disposal of the Yinzishan Mining Project	–	2,401	–	–	–	–
Share of results of associates	388	1,705	2,915	3,447	403	678
Share of results of a jointly controlled entity	–	–	3,007	9,092	7,701	7,067
(Loss)/Profit before taxation	(32,030)	(50,314)	60,772	11,197	(161,358)	1,388
Taxation	(991)	–	(1,000)	–	(324)	–
(Loss)/Profit for the period/year	(33,021)	(50,314)	59,772	11,197	(161,682)	1,388
Non-controlling interests	156	1,787	20	(145)	739	215
(Loss)/Profit attributable to shareholders of the Company	(32,865)	(48,527)	59,792	11,052	(160,943)	1,603

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

Revenue and Profit

The Company recorded a net loss after tax and non-controlling interests of US$32.87 million for the six months ended 30 June 2012 (2011: US$1.50 million).

The corporate division recorded a loss of US$30.23 million (2011: profit of US$5.44 million).

The Group's associates, Regent Markets and West China Coke, contributed a share of profit of US$1.08 million and a loss of US$0.69 million respectively to the Group for the six months ended 30 June 2012.

The main elements of the loss are analysed as follows:

	US$ (million)
Share of profit from Regent Markets	1.08
Share of loss from West China Coke	(0.69)
Gain on disposal of the JRGL Coal Project	4.41
Corporate investment	(36.96)
Coking coal	—
Metals mining	(0.71)
Total loss attributable to shareholders of the Company	(32.87)

Financial Position

Shareholders' equity decreased by 20.31% to US$145.06 million as at 30 June 2012 from US$182.02 million as at 31 December 2011. The decrease was mainly due to: (i) the loss of US$32.87 million for the six months ended 30 June 2012, (ii) the purchase of shares of the Company for a cost of US$4.81 million, which are held for the Group's share award scheme, (iii) the decrease in market value of an available-for-sale financial asset which reduced the investment revaluation reserve by US$1.03 million, (iv) the decrease of the exchange reserve by US$0.17 million mainly due to the reversal of a subsidiary's exchange reserve and foreign currency translation, and these were offset against, (v) the share-based payment reserve increase of US$1.39 million due to the share-based payment on the Group's long term incentive share award scheme and the reversal of share based payment reserve from forfeited share options and share awards, and the share of reserve from an associate.

The investments in Regent Markets of US$4.37 million and West China Coke of US$20.32 million accounted for 3.01% and 14.01% of the shareholders' equity respectively. The Group's assets also comprised: (i) cash of US$12.55 million; (ii) listed and unlisted investments of US$102.08 million; (iii) derivatives financial instruments of US$2.35 million; and (iv) other assets and receivables of US$6.92 million.

The Group's liabilities comprised payables and accruals of US$3.45 million.

Strategic Plan

The Board and the Company's senior management play an active role in the Group's strategy development and planning process. The Chief Executive Officer arranged offsite meetings with senior management in November 2011, during which management presented to the Chief Executive Officer proposed initiatives based on the Group's strategy for the 2012 financial year and beyond, and the status of strategy implementation together with the key initiatives undertaken. The Chief Executive Officer regularly interacts with the Board in respect of the strategic plan and direction of the Group, during which meetings the Chief Executive Officer seeks and is provided input in respect of the proposed priorities and initiatives previously discussed and agreed with senior management, aiming at developing an agreed approach for the Group to generate and preserve its long-term value, while agreeing shorter term priorities and objectives. In addition, the risks associated with the current operations and strategy of the Group are currently being tested by way of an internal audit process conducted through an independent service provider, with the aim of identifying ways in which the Group can better identify and manage its risks.

In order to generate or preserve value over the longer term, the Group is committed to:

- transform into a diversified mid-tier mining house by divesting of non-core assets and investments to enable the Group to pursue growth opportunities (by acquiring and developing strategic 'economic' mining assets, of sufficient grade and scale, supported by infrastructure) covering our targeted commodities of choice (iron ore, copper, zinc, thermal and coking coal and gold);

- leverage off our expert international and local teams to tackle difficult markets, deliver results and achieve global recognition;

- actively fund and execute exploration plans with the view of adding to the Group's global resource base;

- utilise the Company's Hong Kong listing through strong liquidity, demand for resource equities and access to international capital markets, together with maintaining our corporate governance and social responsibility standards in line with the policies set down by the HK Stock Exchange and best practice; and

- creating shareholder value and returns through accretive acquisitions and returning surplus capital to shareholders by way of an effective dividend policy and share repurchase programme.

The current strategy of the Group can be seen in the latest Company Overview (August 2012) available on the Company's website.

Funding

As at 30 June 2012, the Group held cash of US$12.55 million and margin deposits of US$0.23 million with the Group's brokers for trading of derivatives, representing 8.65% and 0.16%, respectively, of shareholders' equity. The cash and margin deposit amounts do not take into account the Group's holding of listed securities of US$92.25 million that are valued at 30 June 2012.

The Company's subsidiaries and associates may require funding as their businesses develop. It is expected that bulk of such funding will be obtained from the Group's own assets.

Gearing Ratio

No gearing ratio (being long term debts over total equity and long term debts) is calculated as there was no long term debt as at 30 June 2012 and 31 December 2011.

Management of Risk

The most significant risks affecting the profitability and viability in respect of the Group are the performance of its investment portfolio and to a lesser extent the Group's interest in West China Coke.

Charge on Assets

None of the Group's assets was pledged at 30 June 2012 and 31 December 2011.

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

Contingent Liabilities

There were no material contingent liabilities of the Group for the six months ended 30 June 2012.

Changes Since 30 June 2012

There were no other significant changes in the Group's financial position and from the information disclosed under Management's Discussion and Analysis in this announcement for the six months ended 30 June 2012.

Employees

The Group, including subsidiaries but excluding associates, employed approximately 24 employees at 30 June 2012. The remuneration policy is to reward key employees by a combination of salaries, profit related discretionary bonuses and share options and share awards, 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, profit related discretionary bonuses and grants of share rewards will be agreed by the Remuneration Committee of the Board. During the period and up to the date of this announcement, 166,000,000 share awards were granted to eligible participants.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend in respect of the six months ended 30 June 2012 (For the year ended 31 December 2011: a special interim dividend of HK$0.03 in cash per share).

THE CODE ON CORPORATE GOVERNANCE PRACTICES AND THE CORPORATE GOVERNANCE CODE

The Directors have noted that the HK Stock Exchange published on 28 October 2011 the Consultation Conclusions on the "Review of the Corporate Governance Code and Associated Listing Rules" and introduced a number of amendments to the provisions of the HK Listing Rules, The Code on Corporate Governance Practices (the "**Code on CG Practices**", which was renamed as "The Corporate Governance Code" (the "**CG Code**")) as set out in Appendix 14 to the HK Listing Rules and the disclosures to be made in the Corporate Governance Report (which was formerly set out in Appendix 23 to the HK Listing Rules), which were designated to take effect on 1 January 2012 or 1 April 2012 or otherwise.

The Company is committed to a high standard of corporate governance, for which the Directors are accountable to the Company, and has applied the principles of the Code on CG Practices and later the CG Code in a manner consistent with best practices of a listed issuer. The primary responsibility for performing the corporate governance functions for the Company, as referred to in the terms of reference set out in Code Provision D.3.1 of the CG Code, rests with the Board of Directors, with the full support of the Company's secretary and its executive management.

The Company continues to monitor developments in this area of corporate governance as they relate to listed issuers in Hong Kong.

As far as the Directors are aware, the Company has complied with the code provisions set out in: (i) the Code on CG Practices, during the period from 1 January to 31 March 2012, and (ii) the CG Code, during the period from 1 April to 30 June 2012 and prior to the date of this announcement.

Details of the composition of the various committees of the Board are available from the "List of Directors" at the websites of the Company (*www.regentpac.com*) and the HK Stock Exchange (*www.hkexnews.hk*).

REVIEW BY THE AUDIT COMMITTEE

The interim financial report of the Company for the six months ended 30 June 2012 has been reviewed by the audit committee of the Company (the "**Audit Committee**").

The Audit Committee was established on 11 March 1999 with its specific written terms of reference which deal with its authority and duties. The terms of reference were subsequently amended in order to incorporate the amendments made from time to time to the code provisions in C.3 of the Code on CG Practices and were recently amended on 13 March 2012 in order to comply with the relevant code provisions in the CG Code which was designated to take effect on 1 April 2012. 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, who has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2).

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 at the websites of the Company *(www.regentpac.com)* and the HK Stock Exchange *(www.hkexnews.hk)*.

INTERNAL CONTROL

Pursuant to Code Provision C.2.1 of the Code on CG Practices and later the CG Code, 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. During the period ended 30 June 2012, the internal audit function conducted reviews of the internal controls of prioritized processes and risk assessment performed by the Group. Observations and recommendations were well communicated with management such that risk mitigation plans were developed and executed by management to address the issues identified. Key findings were reported to and reviewed by the Audit Committee on a timely basis.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

1. Under the repurchase mandates

A general mandate was granted to the Directors at the Company's annual general meeting held on 1 June 2011 to repurchase, on the HK Stock Exchange, shares up to a maximum of 384,247,052 shares (the "**2011 Repurchase Mandate**"). Shares repurchased by the Company on the HK Stock Exchange prior to 1 January 2012 pursuant to the 2011 Repurchase Mandate were duly reported in the Company's last annual report published for the year ended 31 December 2011. Since 1 January 2012, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2011 Repurchase Mandate.

Given that the 2011 Repurchase Mandate was about to be fully exercised and in light of the significant premium of the unaudited net asset value per share to the current price of the shares on the HK Stock Exchange, the Directors sought at the extraordinary general meeting held on 28 March 2012 a new general mandate to repurchase, on the HK Stock Exchange, shares up to a maximum of 348,573,052 shares (the "**2012 March Repurchase Mandate**"). Since 28 March 2012, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2012 March Repurchase Mandate.

The 2012 March Repurchase Mandate expired upon close of the Company's annual general meeting held on 30 May 2012, at which a new general mandate was granted to the Directors to repurchase, on the HK Stock Exchange, shares up to a maximum of 348,573,052 shares (the "**2012 May Repurchase Mandate**"). Since 30 May 2012 and prior to the date of this announcement, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2012 May Repurchase Mandate.

2. For the Long Term Incentive Plan 2007

During the period from 11 April to 15 June 2012, the Company, through its independent trustee, acquired from the market and on the HK Stock Exchange an aggregate of 148,999,999 shares at prices ranging from HK$0.234 to HK$0.265 per share, for a total consideration of HK$37,372,000 (approximately US$4,814,000), which are to be vested to the respective eligible participants under the Company's Long Term Incentive Plan 2007 in accordance with the vesting schedules of the units granted.

Save for the above, the Company or its subsidiaries did not purchase, sell or redeem any of their listed securities, whether on the HK Stock Exchange or otherwise, during the six months ended 30 June 2012 or subsequent to the period end date and prior to the date of this announcement.

PUBLICATION ON WEBSITES

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

DESPATCH OF INTERIM REPORT

The interim report containing full details of the Company's unaudited interim results for the six months ended 30 June 2012 will be despatched to all its shareholders and be published on the aforesaid websites before 30 September 2012.

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)*
David Comba#
Julie Oates#
Mark Searle#
Jayne Sutcliffe*

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

Hong Kong, 30 August 2012