Regent Pacific Group Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 575)

INTERIM REPORT 2011

HIGHLIGHTS

Some of the highlights or achievements for the period include:

- Loss of US$1.50 million, which was mainly generated by the write off of US$5.49 million of costs associated with the terminated offer to acquire BC Iron Limited ("**BCI**")
- Shareholders' equity of US$260.25 million or net asset value ("**NAV**") per share of Hong Kong 53.15 cents, a decrease of 3.52% as compared at 31 December 2010
- Successful sale of the Group's interests in Matthews International Capital Management, LLC ("**MICM**") and the Yinzishan Mining Project, which generated realised gains of US$6.41 million and US$2.40 million respectively
- Share buy-back of 53.25 million shares for a total consideration of US$2.08 million
- Strong financial position with no debt and cash and listed securities of US$200.36 million

RESULTS

The directors (the "**Directors**" or the "**Board**") of Regent Pacific Group Limited (the "**Company**" and collectively with its subsidiaries, the "**Group**") hereby announce the unaudited results of the Group for the six months ended 30 June 2011, together with comparative figures for the six months ended 30 June 2010, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2011

	Notes	(Unaudited) For the six months ended 30 June 2011 US$'000	30 June 2010 US$'000
Revenue/Turnover:	3		
Corporate investment income		1,298	374
Other income		307	9
		1,605	383
Fair value gain		3,836	2,050
Total income		5,441	2,433
Expenses:			
Employee benefit expenses		(3,541)	(3,549)
Rental and office expenses		(294)	(243)
Information and technology expenses		(134)	(192)
Marketing costs and commissions		(37)	(5)
Professional fees		(365)	(513)
Transaction cost on termination of BCI acquisition		(5,487)	—
Finance costs	5	—	(2)
Other operating expenses		(627)	(830)
Operating loss before impairment		(5,044)	(2,901)
Reversal of impairment of exploration and evaluation assets		—	912

	Notes	(Unaudited) For the six months ended 30 June 2011 US$'000	30 June 2010 US$'000
Operating loss	4	(5,044)	(1,989)
Gain on disposal of the Yinzishan Mining Project	12	2,401	—
Share of profits of associates		1,468	941
Share of loss of a jointly controlled entity		—	(704)
Loss before taxation		(1,175)	(1,752)
Taxation	6	—	—
Loss for the period		**(1,175)**	**(1,752)**
Other comprehensive income			
Reclassified to profit or loss on disposal of available-for-sale financial assets		(6,858)	(23)
Net change in fair value of available-for-sale financial assets		—	1,993
Exchange gain on translation of financial statements of foreign operations		639	72
Reversal of exchange reserve upon disposal of a subsidiary		(225)	—
Share of other comprehensive income of associates		1,264	117
Share of other comprehensive income of a jointly controlled entity		—	241
Other comprehensive income for the period		**(5,180)**	**2,400**
Total comprehensive income for the period		**(6,355)**	**648**

		(Unaudited) For the six months ended	
		30 June 2011	30 June 2010
	Notes	*US$'000*	*US$'000*
(Loss)/Profit for the period attributable to:			
Shareholders of the Company		(1,504)	(1,510)
Non-controlling interests		329	(242)
		(1,175)	**(1,752)**
Total comprehensive income attributable to:			
Shareholders of the Company		(7,032)	910
Non-controlling interests		677	(262)
		(6,355)	**648**
Losses per share for loss attributable to the shareholders of the Company during the period (US cent):	7		
– Basic		(0.04)	(0.04)
– Diluted		N/A	N/A

Consolidated Statement of Financial Position

As at 30 June 2011

	Notes	(Unaudited) As at 30 June 2011 US$'000	(Audited) As at 31 December 2010 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill		12,256	12,256
Exploration and evaluation assets		9,636	9,485
Property, plant and equipment		200	558
Interests in associates		24,299	22,487
Available-for-sale financial assets		19	7,025
		46,410	51,811
Current assets			
Cash and bank balances		59,696	123,816
Financial assets at fair value through profit and loss		141,611	114,080
Trade receivables	8	43	43
Loan receivables		4,345	4,345
Prepayments, deposits and other receivables		19,200	6,090
Amounts due from non-controlling shareholders		155	852
		225,050	249,226
Current liabilities			
Trade payables, deposit received, accruals and other payables	9	(4,541)	(17,909)
Dividend payable		—	(10,050)
Derivative financial instruments	11	(3,389)	(740)
		(7,930)	(28,699)

	Notes	(Unaudited) As at 30 June 2011 US$'000	(Audited) As at 31 December 2010 US$'000
Net current assets		217,120	220,527
Total assets less current liabilities		263,530	272,338
Net assets		**263,530**	**272,338**
EQUITY			
Capital and reserves attributable to the shareholders of the Company			
Share capital	10	38,577	39,109
Reserves		221,673	230,626
Equity attributable to shareholders of the Company		260,250	269,735
Non-controlling interests		3,280	2,603
Total equity		**263,530**	**272,338**
NAV per share:			
– US cents		6.83	6.90
– Hong Kong cents		53.15	53.70

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2011

	(Unaudited) For the six months ended 30 June 2011 US$'000	30 June 2010 US$'000 (restated)
Net cash used in operating activities	(49,422)	(899)
Net cash (used in)/generated from investing activities	(1,832)	5,711
Net cash used in financing activities	(12,866)	(1,647)
Net (decrease)/increase in cash and cash equivalents	(64,120)	3,165
Cash and cash equivalents at the beginning of the period	123,816	3,085
Cash and cash equivalents at the end of the period	59,696	6,250
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	59,696	6,250

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

2011	Share capital US$'000	Accumulated losses US$'000	Share premium US$'000	Share-based payment reserve US$'000	Capital redemption reserve US$'000	Investment revaluation reserve US$'000	Statutory reserve* US$'000	Shares held for share award scheme US$'000	Foreign currency exchange reserve US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
	Equity attributable to shareholders of the Company											
At 1 January 2011	39,109	(146,754)	357,949	3,575	8,228	6,858	177	(1,503)	2,096	269,735	2,603	272,338
Shares repurchased	(532)	–	(2,079)	–	532	–	–	–	–	(2,079)	–	(2,079)
Shares purchased for share award scheme	–	–	–	–	–	–	–	(735)	–	(735)	–	(735)
Shares distributed for share award scheme	–	85	–	(388)	–	–	–	303	–	–	–	–
Dividend payment under provided	–	–	(2)	–	–	–	–	–	–	(2)	–	(2)
Share-based payment	–	–	–	363	–	–	–	–	–	363	–	363
Transactions with shareholders	(532)	85	(2,081)	(25)	532	–	–	(432)	–	(2,453)	–	(2,453)
Loss for the period	–	(1,504)	–	–	–	–	–	–	–	(1,504)	329	(1,175)
Other comprehensive income												
Foreign currency translation adjustment	–	–	–	–	–	–	–	–	291	291	348	639
Reclassified to profit or loss on the disposal of the Yinzishan Mining Project	–	–	–	–	–	–	–	–	(225)	(225)	–	(225)
Share of reserve of associates	–	–	–	8	–	–	798	–	458	1,264	–	1,264
Reclassified to profit or loss on disposal of available-for-sale financial assets	–	–	–	–	–	(6,858)	–	–	–	(6,858)	–	(6,858)
Total comprehensive income for the period	–	(1,504)	–	8	–	(6,858)	798	–	524	(7,032)	677	(6,355)
At 30 June 2011	38,577	(148,173)	355,868	3,558	8,760	–	975	(1,935)	2,620	260,250	3,280	263,530

* In accordance with the relevant PRC regulations, the Group's associates are required, at the discretion of their directors, to appropriate a certain percentage of their profits after tax, if any, to the statutory reserve fund for the future development and capital expenditure on staff welfare facilities purposes.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010

2010	Share capital US$'000	Accumulated losses US$'000	Share premium US$'000	Share-based payment reserve US$'000	Capital redemption reserve US$'000	Investment revaluation reserve US$'000	Statutory reserve* US$'000	Shares held for share award scheme US$'000	Foreign currency exchange reserve US$'000	Total US$'000	Non-controlling interests US$'000	Total equity US$'000
	Equity attributable to shareholders of the Company											
At 1 January 2010	39,486	(206,526)	373,798	3,437	7,851	1,203	177	(456)	5,045	224,015	2,646	226,661
Shares repurchased	(377)	(377)	(778)	–	377	–	–	–	–	(1,155)	–	(1,155)
Shares purchased for share award scheme	–	–	–	–	–	–	–	(455)	–	(455)	–	(455)
Shares distributed for share award scheme	–	32	–	(184)	–	–	–	152	–	–	–	–
Share-based payment	–	–	–	236	–	–	–	–	–	236	–	236
Transactions with shareholders	(377)	(345)	(778)	52	377	–	–	(303)	–	(1,374)	–	(1,374)
Loss for the period	–	(1,510)	–	–	–	–	–	–	–	(1,510)	(242)	(1,752)
Other comprehensive income												
Foreign currency translation adjustment	–	–	–	–	–	–	–	–	92	92	(20)	72
Share of reserve of a jointly controlled entity	–	–	–	–	–	–	–	–	241	241	–	241
Share of reserve of associates	–	–	–	26	–	–	–	–	91	117	–	117
Reclassified to profit or loss on disposal of available-for-sale financial assets	–	–	–	–	–	(23)	–	–	–	(23)	–	(23)
Unrealised gain on available-for-sale financial assets	–	–	–	–	–	1,993	–	–	–	1,993	–	1,993
Total comprehensive income for the period	–	(1,510)	–	26	–	1,970	–	–	424	910	(262)	648
At 30 June 2010	39,109	(208,381)	373,020	3,515	8,228	3,173	177	(759)	5,469	223,551	2,384	225,935

* In accordance with the relevant PRC regulations, the Group's associates are required, at the discretion of their directors, to appropriate a certain percentage of their profits after tax, if any, to the statutory reserve fund for the future development and capital expenditure on staff welfare facilities purposes.

Notes to the Interim Financial Report

For the six months ended 30 June 2011

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.

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 2010, 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 to the interim financial report.

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 2010.

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 2011:

HKAS 32 (Amendment)	Financial Instruments: Presentation – Classification of Rights Issue
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) Int-19	Extinguishing Financial Liabilities with Equity Instruments
Various	Annual Improvements to HKFRSs 2010

Other than as noted below, 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.

Improvements to HKFRSs 2010

Amendment to HKAS 34 "Interim Financial Reporting" is effective for annual periods beginning on or after 1 January 2011. It emphasizes the existing disclosure principles in HKAS 34 and adds further guidance to illustrate how to apply these principles. Greater emphasis has been placed on the disclosure principles for significant events and transactions. Additional requirements cover disclosure of changes to fair value measurement (if significant), and the need to update relevant information from the most recent annual report. The amendment to HKAS 34 only results in additional disclosures.

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.

HKAS 1 (Revised)	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income [3]
Amendments to HKAS 12	Income Taxes – Deferred Tax: Recovery of Underlying Assets [2]
HKAS 19 (2011)	Employee Benefits [4]
HKAS 27 (2011)	Separate Financial Statements [4]
HKAS 28 (2011)	Investments in Associates and Joint Ventures [4]
Amendments to HKFRS 7	Disclosure – Transfers of Financial Assets [1]
HKFRS 9	Financial Instruments [4]
HKFRS 10	Consolidated Financial Statements [4]
HKFRS 11	Joint Arrangements [4]
HKFRS 12	Disclosure of Interests in Other Entities [4]
HKFRS 13	Fair Value Measurement [4]

[1] Effective for annual periods beginning on or after 1 July 2011

[2] Effective for annual periods beginning on or after 1 January 2012

[3] Effective for annual periods beginning on or after 1 July 2012

[4] Effective for annual periods beginning on or after 1 January 2013

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.

The amendments to HKFRS 7 improve the disclosure requirements for transfer transactions of financial assets and allow users of financial statements to better understand the possible effects of any risks that may remain with the entity on transferred assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

Under HKFRS 9, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for those non-trade equity investments, which the entity will have a choice to recognise the gains and losses in other comprehensive income. HKFRS 9 carries forward the recognition and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

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 Group has identified the following reportable segments:

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

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 and a jointly controlled entity 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, interests in associates and interest in a jointly controlled entity.

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. These include borrowings attributable to the Group's headquarters.

There are no sales between the reportable segments.

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

For the six months ended 30 June 2011

	(Unaudited)				
	Coal Exploration *US$'000*	**Coking Coal** *US$'000*	**Metals Mining** *US$'000*	**Corporate Investment** *US$'000*	**Total** *US$'000*
Revenue from external customers	—	—	—	1,605	1,605
Segment results	(290)	(8)	(947)	(3,799)	(5,044)
Share of profits of associates	—	977	—	491	1,468
Total results	(290)	969	(947)	(3,308)	(3,576)
Gain on disposal of the Yinzishan Mining Project					2,401
Finance costs					—
Taxation					—
Loss for the period					(1,175)

For the six months ended 30 June 2010

	(Unaudited)				
	Coal Exploration *US$'000*	**Coking Coal** *US$'000*	**Metals Mining** *US$'000*	**Corporate Investment** *US$'000*	**Total** *US$'000*
Revenue from external customers	—	—	—	383	383
Segment results	(1,122)	(8)	10	(867)	(1,987)
Share of profits of associates	—	808	—	133	941
Share of loss of a jointly controlled entity	—	—	(704)	—	(704)
Total results	(1,122)	800	(694)	(734)	(1,750)
Finance costs					(2)
Taxation					—
Loss for the period					(1,752)

	Coal Exploration *US$'000*	**Coking Coal** *US$'000*	**Metals Mining** *US$'000*	**Corporate Investment** *US$'000*	**Total** *US$'000*
Segment assets					
– As at 30 June 2011 (unaudited)	18,017	5,800	36	223,289	247,142
– As at 31 December 2010 (audited)	17,743	4,876	2,158	246,748	271,525

4. OPERATING LOSS

	(Unaudited) For the six months ended 30 June 2011 US$'000	30 June 2010 US$'000
Operating loss is arrived at after charging:		
Auditors' remuneration	96	77
Depreciation on owned property, plant and equipment	57	133
Operating lease rental on property and equipment^	425	187
Share-based payment (equity and cash settled)#	694	634
Net foreign exchange loss*	—	441
Realised loss on trading of derivative financial instruments@	584	—
Unrealised loss on derivative financial instruments@	3,389	—
Unrealised loss on financial assets at fair value through profit and loss@	—	5,535
and crediting:		
Interest income on bank deposits and loan receivable*	449	8
Net foreign exchange gain*	794	—
Dividend income from available-for-sale financial assets*	27	110
Dividend income from financial assets at fair value through profit and loss*	28	696
Gain on disposal of property, plant and equipment	—	16
Reversal of impairment of exploration and evaluation assets	—	912
Unrealised gain on derivative financial instruments@	—	415
Unrealised gain on financial assets at fair value through profit and loss@	1,348	—
Realised gain on trading of derivative financial instruments@	—	6,820
Realised gain on disposal of financial assets at fair value through profit and loss@	49	323
Realised gain on disposal of the Yinzishan Mining Project	2,401	—
Realised gain on disposal of available-for-sale financial assets@	6,412	27

^ Included in operating lease charges on property and equipment were staff's accommodation expenses of US$180,000 (2010: US$36,000) 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) employee share-based payment of nil (2010: US$93,000) in relation to share options granted to Directors and employees, (ii) non-employee share-based payment of nil (2010: US$6,000) in relation to share options granted to the Group's consultants, (iii) cash and equity settled employee share-based payment of US$330,000 and US$346,000, respectively (2010: US$398,000 and US$137,000, respectively) in relation to share awards granted to Directors and employees, and (iv) equity settled non-employee share-based payment of US$17,000 (2010: nil) in relation to share awards granted to the Group's consultants.

@ These amounts constitute the fair value gain of US$3,836,000 (2010: US$2,050,000) in the consolidated statement of comprehensive income.

5. Finance costs

	(Unaudited) For the six months ended	
	30 June 2011	30 June 2010
	US$'000	*US$'000*
Interest on hire purchase	—	2

6. Taxation

No provision for Hong Kong or overseas 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.

Share of associates' and a jointly controlled entity's taxation for the six months ended 30 June 2011 of US$57,000 (2010: US$145,000) and nil (2010: US$20,000) are included in the consolidated statement of comprehensive income as share of profits of associates and share of loss of a jointly controlled entity respectively.

7. Losses per share

The calculation of basic losses per share is based on the loss attributable to shareholders of the Company of US$1,504,000 (2010: US$1,510,000) and the weighted average number of ordinary shares of 3,846,223,681 (2010: 3,893,573,341) in issue during the period.

Diluted losses per share for the six months ended 30 June 2011 and 2010 were not presented because the impact of the exercise of the Company's outstanding share options were anti-dilutive.

8. Trade receivables

At 30 June 2011 and 31 December 2010, the ageing analysis of trade receivables was as follows:

	(Unaudited) As at 30 June 2011 *US$'000*	(Audited) As at 31 December 2010 *US$'000*
1 to 3 months old	—	—
More than 12 months old	43	43
	43	43

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, deposit received, accruals and other payables

At 30 June 2011 and 31 December 2010, the ageing analysis of trade payables was as follows:

	(Unaudited) As at 30 June 2011 *US$'000*	(Audited) As at 31 December 2010 *US$'000*
Due within 1 month or on demand	—	—
More than 6 months	97	97
Trade payables	97	97
Deposit received, accruals and other payables	4,444	17,812
	4,541	17,909

Included in trade payables were those payables placed in trust accounts amounting to US$29,000 as at 30 June 2011 (31 December 2010: US$29,000).

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

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 2011 and 31 December 2010	10,000,000,000	100,000	550,000,000	5,500	10,550,000,000	105,500

Issued and fully paid:	Total number of shares	Total US$'000
At 1 January 2010	3,948,690,523	39,486
Shares repurchased and cancelled	(37,700,000)	(377)
At 31 December 2010	3,910,990,523	39,109
Shares repurchased and cancelled	(53,250,000)	(532)
At 30 June 2011	3,857,740,523	38,577

* 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 at 1 January 2011, the total issued ordinary share capital of the Company consisted of 3,910,990,523 shares. During the six months ended 30 June 2011, an aggregate of 53,250,000 shares were repurchased by the Company on the HK Stock Exchange at a total consideration of HK$16,083,650 (approximately US$2,079,172), as set out in detail under the section headed "Purchase, Sale and Redemption of Listed Securities" in this report. The repurchased shares were cancelled accordingly. Therefore, as at 30 June 2011, the total issued ordinary share capital of the Company consisted of 3,857,740,523 shares.

Subsequent to the period end date and prior to the date of this report, an aggregate of 138,580,000 shares were repurchased by the Company on the HK Stock Exchange at a total consideration of HK$48,949,200 (approximately US$6,290,054), as set out in detail under the section headed "Purchase, Sale and Redemption of Listed Securities" in this report. The repurchased shares were cancelled accordingly. Therefore, as at the date of this report, the total issued ordinary share capital of the Company consists of 3,719,160,523 shares.

1. 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 10.2) 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". 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 2011, 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 157,116,132 (1 January 2010: 178,116,132) ordinary shares at the exercise prices ranging from HK$0.266 to HK$1.152 per share, representing 4.02% (1 January 2010: 4.51%) of the Company's then issued ordinary share capital and 3.86% (1 January 2010: 4.32%) of the enlarged ordinary share capital. All the outstanding options in respect of an aggregate of 157,116,132 shares or 100% were vested (1 January 2010: options in respect of an aggregate of 152,103,414 shares or 85.40%).

During the six months ended 30 June 2011:

- No new options were granted (2010: nil);
- No vested options were exercised (2010: nil);
- No outstanding options lapsed (2010: nil); and
- No options were cancelled (2010: nil).

Accordingly, as at 30 June 2011, 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 157,116,132 (30 June 2010: 178,116,132) ordinary shares at the exercise prices ranging from HK$0.266 to HK$1.152 per share, representing 4.07% (30 June 2010: 4.55%) of the Company's then issued ordinary share capital and 3.91% (30 June 2010: 4.36%) of the enlarged ordinary share capital. All the outstanding options in respect of an aggregate of 157,116,132 shares or 100% were vested (30 June 2010: options in respect of an aggregate of 156,103,414 shares or 87.64%). Exercise in full of the outstanding options would result in the issue of 157,116,132 additional ordinary shares for aggregate proceeds, before expenses, of HK$102,939,278 (approximately US$13,197,343).

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 outstanding options lapsed or were cancelled. As at the date of this report, the outstanding options in respect of an aggregate of 157,116,132 ordinary shares represent 4.22% of the Company's existing issued ordinary share capital and 4.05% of the enlarged ordinary share capital.

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 2011, outstanding options in respect of an aggregate of 87,600,000 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 11,000,000 ordinary shares at the exercise price of HK$0.266 per share;

2. An option, which was granted on 4 April 2006, entitling the Chief Executive Officer to subscribe, in stages, for 45,600,000 ordinary shares at the exercise price of HK$0.300 per share; and

3. Options, which were granted on 2 October 2007, entitling the Non-Executive Co-Chairman (James Mellon), the Chief Executive Officer and an Independent Non-Executive Director to subscribe, in stages, for an aggregate of 31,000,000 ordinary shares at the exercise price of HK$1.152 per share.

During the six months ended 30 June 2011 and prior to the date of this report, no new options were granted, no vested options were exercised, and no outstanding 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 (other than James Mellon who is also the Non-Executive Co-Chairman 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 2011, outstanding options in respect of an aggregate of 55,516,132 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 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 24,524,000 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 4,854,000 ordinary shares at the exercise price of HK$0.325 per share; and

4. Options, which were granted on 2 October 2007, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 26,038,132 ordinary shares at the exercise price of HK$1.152 per share.

During the six months ended 30 June 2011 and prior to the date of this report, no new options were granted, no vested options were exercised, and no outstanding options lapsed or were cancelled.

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 2011 or prior to the date of this report.

iv. *Suppliers of goods and services*

As at 1 January 2011, outstanding options in respect of an aggregate of 14,000,000 shares were held by the service providers, details of which are set out below:

1. An option, which was granted on 15 May 2007, entitling a consultant (a former Non-Executive Director who resigned on 12 February 2008 and was appointed as a consultant) to subscribe, in stages, for 12,000,000 ordinary shares at the exercise price of HK$0.780 per share; and

2. An option, which was granted on 2 October 2007, entitling a consultant (a former Independent Non-Executive Director who resigned on 12 February 2008 and was appointed as a consultant) to subscribe, in stages, for 2,000,000 ordinary shares at the exercise price of HK$1.152 per share.

During the six months ended 30 June 2011 and prior to the date of this report, no new options were granted, no vested options were exercised, and no outstanding 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 2011 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 2011		**30 June 2010**	
	Number	**Weighted average exercise price (HK$)**	**Number**	**Weighted average exercise price (HK$)**
Outstanding at 1 January	157,116,132	0.655	178,116,132	0.648
Forfeited	—	—	—	—
Exercised	—	—	—	—
Outstanding at 30 June	157,116,132	0.655	178,116,132	0.648

No share options were exercised during the six months ended 30 June 2011 and 2010. All remaining share options as at 30 June 2011 have been accounted for under HKFRS 2. The Group has granted the following outstanding share options and exercise prices:

	30 June 2011		30 June 2010	
Exercisable beginning in financial year	**Number**	**Weighted average exercise price (HK$)**	**Number**	**Weighted average exercise price (HK$)**
- 31 December 2009	—	—	152,103,414	0.571
- 31 December 2010	157,116,132	0.655	26,012,718	1.095
Outstanding at 30 June	157,116,132	0.655	178,116,132	0.648

The weighted average remaining contractual life of the outstanding options as of 30 June 2011 is 5.32 years (2010: 6.34 years).

In total, no share-based payment of share options has been included in the consolidated statement of comprehensive income for the six months ended 30 June 2011 (2010: US$99,000). No liabilities were recognised due to share-based payment transactions.

2. 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 Company's 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 operation 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 10.1) 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 or advisers or consultants to the Company or any of its subsidiaries 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 award of 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 date of grant 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 Company sought shareholders' approval at the annual general meeting held on 1 June 2011 for "refreshing" the mandate limits under the plan. Accordingly, the total number of shares which may be transferred on vesting of all units to be granted under the plan after 1 June 2011 is limited to 387,247,052 shares and the total number of shares subject to a unit or units to be granted to an individual eligible participant after 1 June 2011 is limited to 193,623,526 shares, being 10% and 5% of the Company's total issued ordinary share capital as at the date of approval of the "refreshed" limits respectively. Units previously granted under the plan (including those outstanding, cancelled or lapsed in accordance with the plan or vested units) will not be counted for the purpose of calculating the limits as "refreshed".

i. Grant and vesting of units

As at 1 January 2011, under the Long Term Incentive Plan 2007 there were outstanding units in respect of an aggregate of 59,750,002 (1 January 2010: 29,625,000) ordinary shares, which were to be vested to the respective eligible participants (not including Jamie Gibson, as referred to below) in stages in accordance with their respective vesting schedules, representing 1.53% (1 January 2010: 0.75%) of the Company's then issued ordinary share capital (excluding the unit in respect of 99,000,000 shares granted on 7 January 2009 to Jamie Gibson (as referred to below)), details of which are set out below:

1. Outstanding units, which were granted to a number of eligible participants on 7 January 2009, in respect of an aggregate of 19,750,002 shares (not including the unit in respect of 99,000,000 shares granted to Jamie Gibson, who received his entitlement on 7 January 2009 in the full cash equivalent of HK$15,543,000 (approximately US$1,992,692), being at HK$0.157 per share);

2. Units, which were granted to a number of eligible participants on 9 April 2010, in respect of an aggregate of 16,000,000 shares; and

3. Units, which were granted to a number of eligible participants on 20 July 2010, in respect of an aggregate of 24,000,000 shares.

During the six months ended 30 June 2011:

- (i) An aggregate of 9,874,998 shares (in respect of the outstanding units granted on 7 January 2009) were vested to the respective eligible participants (not including Jamie Gibson) on 7 January 2011; and (ii) an aggregate of 5,333,333 shares (in respect of the outstanding units granted on 9 April 2010) were vested to the respective eligible participants on 9 April 2011 (For the six months ended 30 June 2010: 9,874,998 shares);

- New units in respect of an aggregate 16,700,000 shares were granted to a number of eligible participants on 23 February 2011 (For the six months ended 30 June 2010: 16,000,000 shares), which would be vested in three equal tranches on the first, second and third anniversary dates of the date of grant;

- An outstanding unit in respect of 4,000,000 shares and an outstanding unit in respect of 3,000,000 shares lapsed on 30 June 2011 upon resignation of two employees (For the six months ended 30 June 2010: nil); and

- No outstanding units were cancelled (For the six months ended 30 June 2010: nil).

Accordingly, as at 30 June 2011, under the Long Term Incentive Plan 2007 there were outstanding units in respect of an aggregate of 54,241,671 (30 June 2010: 35,750,002) ordinary shares, which were to be vested to the respective eligible participants (not including Jamie Gibson) in stages in accordance with their respective vesting schedules, representing 1.41% (30 June 2010: 0.91%) of the Company's then issued ordinary share capital.

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

- An aggregate of 37,541,671 shares (in respect of all outstanding units granted prior to 2 December 2010) were vested to the respective eligible participants (not including Jamie Gibson) on 11 July 2011 in accordance with the rules of the plan and as approved by the Remuneration Committee;

- No new units were granted; and

- No outstanding units lapsed or were cancelled.

Accordingly, as at the date of this report, there are outstanding units in respect of an aggregate of 16,700,000 ordinary shares, which are to be vested to the respective eligible participants in stages, representing 0.45% of the Company's existing issued ordinary share capital.

ii. Acquisition of shares

As at 1 January 2011, an aggregate of 59,750,002 shares were held by the trustee appointed by the Company for the plan (1 January 2010: 29,625,000 shares), which were acquired by the trustee from the market during the periods: (i) from 19 February 2009 to 5 March 2009; (ii) from 24 May 2010 to 27 May 2010; and (iii) from 3 September 2010 to 22 September 2010, and were to be vested to the respective eligible participants (not including Jamie Gibson) in accordance with the aforesaid vesting schedule.

During the six months ended 30 June 2011:

- (i) An aggregate of 9,874,998 shares (in respect of the outstanding units granted on 7 January 2009) were vested to the respective eligible participants (not including Jamie Gibson) on 7 January 2011; and (ii) an aggregate of 5,333,333 shares (in respect of the outstanding units granted on 9 April 2010) were vested to the respective eligible participants on 9 April 2011 (For the six months ended 30 June 2010: 9,874,998 shares); and

- During the period from 25 March 2011 to 28 March 2011, an aggregate of 16,700,000 shares were acquired from the market at a total consideration of HK$5,709,300 (approximately US$734,800) (For the six months ended 30 June 2010: 16,000,000 shares).

Accordingly, as at 30 June 2011, an aggregate of 61,241,671 shares were held by the trustee for the plan (30 June 2010: 35,750,002 shares), which were to be vested to the respective eligible participants (not including Jamie Gibson) in accordance with the aforesaid vesting schedule.

Subsequent to the period end date and prior to the date of this report, an aggregate of 37,541,671 shares (in respect of all outstanding units granted prior to 2 December 2010) were vested to the respective eligible participants (not including Jamie Gibson) on 11 July 2011 in accordance with the rules of the plan and as approved by the Remuneration Committee. Accordingly, as at the date of this report, an aggregate of 23,700,000 shares are held by the trustee for the plan, which are to be vested to the respective eligible participants in accordance with the aforesaid vesting schedule.

11. Derivative financial instruments

At 30 June 2011, there were outstanding forward, futures, options and CFD contracts amounting to approximately US$66,858,000 (31 December 2010: US$76,166,000) 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 2011, the amount of these margin deposits was US$13,417,000 (31 December 2010: US$2,243,000).

12. Disposal of subsidiaries

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 RML and SRM at their date of disposal were as follows:

	RML and SRM
	US$'000
Exploration and evaluation assets	1,297
Property, plant and equipment	312
Prepayments	4
Accruals	(7)
Exchange reserve	(225)
Net assets disposed	1,381
Gain on disposal of subsidiaries included in loss for the period in the consolidated statement of comprehensive income	2,401
Total consideration	3,782
Satisfied by:	
Cash consideration	3,782

13. Operating lease commitments

	(Unaudited) As at 30 June 2011 *US$'000*	(Audited) As at 31 December 2010 *US$'000*
At 30 June 2011 and 31 December 2010, the total future minimum lease payments under non-cancellable operating leases are payable as follows:		
Property:		
– within 1 year	449	468
– in the 2nd to 5th year, inclusive	231	443
	680	911
Equipment:		
– within 1 year	5	5
– in the 2nd to 5th year, inclusive	10	12
	15	17
	695	928

14. Capital commitments

	(Unaudited) As at 30 June 2011 *US$'000*	(Audited) As at 31 December 2010 *US$'000*
Contracted but not provided for:		
Purchasing of remaining share of a subsidiary - Abagaqi Changjiang Mining Company Limited ("**ACMC**")	15,136	15,134

15. Contingent liabilities

The Group has no material contingent liabilities as at 30 June 2011.

16. Material related party transactions

The Group has no material related party transactions for the six months ended 30 June 2011.

17. Events after reporting date

i) During the period from 1 July to 13 July 2011 (being the date the latest trade settled), the Company further acquired, in aggregate, 1,192,226 BCI shares by a series of transactions on the market at an average price of A$2.97 (or approximately US$3.19 or HK$24.82) per BCI share, representing approximately 1.26% of the then issued share capital of BCI, for an aggregate amount of cash consideration of A$3,535,103 (or approximately US$3,800,173 or HK$29,572,946).

ii) On 1 August 2011, the Company announced that it executed a subscription agreement with Goldrich Mining Company ("**Goldrich**") on 27 July 2011, pursuant to which it further subscribed for units affording the Company an aggregate of: (i) 7,300,000 new Goldrich shares; (ii) 3,991,121 Goldrich Class I warrants; and (iii) 3,991,121 Class J warrants, with such securities to be allotted and issued to the Company, by way of a private placement, for an aggregate cash consideration of approximately US$1,432,710 (or approximately HK$11,175,138).

iii) On 15 August 2011, the Company announced that it further acquired 500,000 shares in Avion Gold Corporation ("**Avion**") on the market at an average price of C$2.01 (or approximately US$2.04 or HK$15.91) per Avion share, representing approximately 0.12% of the then issued share capital of Avion, for an aggregate cash consideration of C$1,003,896 (or approximately US$1,016,746 or HK$7,930,619).

18. Comparative figures

Certain comparative figures in the condensed consolidated statement of cash flows have been reclassified to conform to the classification in the current period to better reflect the operating cash flows of the Group during the period.

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

- Development of the Ji Ri Ga Lang thermal coal project in Inner Mongolia, China, a Sino-foreign joint venture of which the Group holds an indirect 51% interest

- Acquisition of additional interests in BCI and Venturex Resources Limited taking the Group's interests to 21.61% and 25.92% as at 30 June 2011 respectively

- 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 2011 of US$1.50 million (2010: US$1.51 million).

The main causes for the loss were: (i) the write off of US$5.49 million of costs associated with the terminated offer to acquire BCI, and (ii) the marked-to-market loss of US$2.58 million, which was off-set by the realised gain of US$8.81 million generated from the sale of MICM and the Yinzishan Mining Project.

The six month period ended 30 June 2011 was a challenging time for the equity capital markets with the Australian, Toronto, London and Hong Kong stock exchanges recording double digit declines over the period, which impacted on our investment portfolio. During the first half of the year, we rebalanced our portfolio by increasing our exposure to gold companies, such as Avion Gold Corporation and Goldrich Mining Company to benefit from the increase in the gold price.

In benchmarking our performance, our return on the investment portfolio has outperformed the ASX 300 Resources Index by 7.6% for the six months to 30 June 2011, with about 75% of our mining portfolio listed on the ASX. For comparison, we have outperformed the TSX Global Metal and Mining Index by 13.5% for the same period.

Market conditions remain extremely volatile driven by significant macro economic imbalances being the sovereign debt problems in the United States and Europe and the pace of credit tightening in developing countries, especially China, as these countries address inflationary threats. However, in these challenging market and economic conditions, opportunities are presenting themselves as valuations are becoming attractive and with our strong liquid cash position we are pursuing acquisitions.

The Group's associates, West China Coke and Regent Markets Holdings Limited ("**Regent Markets**"), contributed a share of profit of US$0.98 million and US$0.49 million respectively to the Group for the six months ended 30 June 2011.

We are in a strong financial position, with no debt and cash and listed securities of US$200.36 million as at 30 June 2011.

We undertook a share buy-back of 53.25 million shares for a total consideration of US$2.08 million.

Shareholders' equity decreased by 3.52% to US$260.25 million as at 30 June 2011 from US$269.74 million as at 31 December 2010.

Review of Results and Operations

Divestments

During the period, we sold our interests in MICM and SRM and its immediate holding company (RML), which realised a gain of US$6.41 million and US$2.40 million, respectively.

West China Coke

During the six months ended 30 June 2011, West China Coke's operations produced a total of 452,985 tonnes of coke, 37,862 tonnes of refined methanol, 13,923 tonnes of tar, 3,129 tonnes of ammonium sulphate and 3,977 tonnes of crude benzol. This produced revenue of RMB 949.97 million or US$145.24 million (2010: RMB 762.07 million or US$111.65 million) and a net profit of RMB 25.55 million or US$3.91 million (2010: RMB 22.07 million or US$3.23 million). The average coke price and methanol price received in the six months ended 30 June 2011 was RMB 1,935 per tonne (approximately US$296 per tonne) and RMB 2,769 per tonne (approximately US$423 per tonne), respectively.

In August 2011, the Group will receive a dividend of RMB 6.02 million (approximately US$0.92 million) before withholding tax for the financial year ended 31 December 2010.

Ji Ri Ga Lang

Abagaqi Changjiang Mining Company Limited ("**ACMC**", the joint venture company which is owned as to 51% by Regent Coal (BVI) Limited (a wholly owned subsidiary of the Company) and 49% by the local partners) is continuing to progress the conversion of its existing exploration licence into a mining licence. Pending the application process for licence conversion, there were minimal exploration activities and expenditure incurred on the project site during the first half of 2011. The current resource of thermal coal stands at 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. The planned production rate is 3 million tonnes of thermal coal per annum with a mine life over 25 years.

After consultation with the relevant governmental agencies in Inner Mongolia, ACMC completed and submitted the necessary reports and supporting documents in respect of obtaining the general plan from the Inner Mongolian Development and Reform Commission (the "**IM DRC**"), which is a significant milestone for obtaining the mining licence. As previously announced in August 2010, this approval has now been obtained and the IM DRC has referred the general plan application to the National Development and Reform Commission (the "**NDRC**") with a recommendation that it be approved. The Company is also pleased to announce that this recommendation is supported by a positive opinion (already issued) from the Inner Mongolian Department of Land and Resources, which has also been provided to the NDRC.

In addition to requiring NDRC approval of the general plan, to obtain the mining licence additional reports are also required to be filed and approved with relevant authorities, which include a water resource report (prepared), a geological disaster assessment report (prepared) and an environmental impact assessment study (the "**EIA**"), as well as demarcation. The EIA will be prepared after the NDRC has approved the general plan.

While the IM DRC approval is indeed a positive step towards obtaining the mining licence, we do ask that shareholders continue to be patient as we work with our joint venture partners to satisfy the other pre conditions to obtaining the mining licence.

Regent Markets

Regent Markets has reported turnover for the six months ended 30 June 2011 exceeding US$59 million, a 30.30% increase over the corresponding period in 2010. Net profit for the six months ended 30 June 2011 was US$1.07 million (2010: US$0.36 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

On 10 May 2011, the Company was informed by the board of BCI of its decision to withdraw its unanimous recommendation of the Company's cash offer to acquire all the issued share capital in BCI following receipt of a report from the independent expert, KPMG, opining that the Company's cash offer of A$3.30 per share was not fair and not reasonable and therefore was not in the best interests of the BCI shareholders as a whole. Consequently, BCI terminated the scheme of arrangement with the Company.

Interim Dividend

The Directors have resolved not to declare an interim dividend in respect of the six months ended 30 June 2011 (For the year ended 31 December 2010: a special interim dividend of HK$0.02 in cash per share).

However, the Directors expect that the Company will declare a final dividend for the current financial year that is at least commensurate to the total dividend paid last year. In addition, the Company will continue with its share repurchase programme while we believe the Company's shares are inherently undervalued.

Outlook

Commodity prices during the first of half of 2011 averaged considerably higher than in 2010. This was primarily due to the strong demand from China, low interest rates that have facilitated commodity investments, a weaker US dollar and increasing commodity supply constraints.

With market expectations for global growth of around 3.5% and Chinese GDP at around 9.5%, we expect positive implications for metals and minerals markets during 2011 and into 2012. However, there are important risks to this outlook related to the pace of credit tightening in developing countries and the threat of the financial crisis destabilising commodity markets.

Market conditions remain extremely volatile driven by significant macro economic imbalances being the sovereign debt problems in the United States and Europe and the pace of credit tightening in developing countries, especially China, as these countries address inflationary threats. 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.

Disclosure Requirements for Mineral Companies under Chapter 18 of the HK Listing Rules

In light of the wholesale and progressive changes made to Chapter 18 of the HK Listing Rules (which came into effect on 3 June 2010), the Company formed a Chapter 18 Compliance Committee, made up of representatives of the technical, legal, accounting and commercial arms of the Company.

The Chapter 18 Compliance Committee is responsible for reviewing and monitoring the compliance by the Company with the requirements laid down in the revised Chapter 18 of the HK Listing Rules (together with associated provisions of the HK Listing Rules), principally in respect of future transactional work and ongoing reporting compliance.

As part of the amendments to Chapter 18 of the HK Listing Rules, Rule 18.14 now requires "Mineral Companies" (as defined in Chapter 18) to include in its interim (half-yearly) and annual reports details of its exploration, development and mining production activities and a summary of the expenditure incurred on these activities during the period under review. While the Company is not currently classified as a "Mineral Company" under Chapter 18, as it has not yet completed a "Relevant Notifiable Transaction" involving the acquisition of "Mineral Assets" (as defined in Chapter 18), the Company does consider disclosure of these Rule 18.14 items to be appropriate and relevant to shareholders.

In accordance with the above mentioned continuing disclosure obligations of Mineral Companies, as it relates to its interim (half-yearly) reports, at our Ji Ri Ga Lang coal lease there were minimal relevant exploration activities and expenditure information for the period from 1 January 2011, ended 30 June 2011.

During the interim (half-yearly) reporting period, the Company disposed of its interests in RML and SRM, which included the Yinzishan, Tianfeng and Shuanghuwang exploration leases. Accordingly, Chapter 18 related disclosures have not been included in respect of these assets.

In discharge of its mandate to review and monitor the compliance by the Company with the requirements laid down in Chapter 18 of the HK Listing Rules, the Chapter 18 Compliance Committee reviewed and approved the above disclosures.

Trading Record over Last Five Years

	Six months ended 30 June	Year ended 31 December			Nine months ended 31 December	Year ended 31 March
	2011	2010	2009	2008	2007	2007
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Total income	5,441	61,158	20,553	6,142	2,598	3,684
Income less expenses before impairment losses and provision	(5,044)	34,134	5,212	(13,912)	(4,695)	(2,981)
Reversal of impairment of exploration and evaluation assets	—	912	—	—	—	—
Impairment losses	—	(28)	—	(154,696)	—	—
Write down	—	—	(6,384)	—	—	—
Finance costs – interest on convertible bonds, redeemable convertible preference shares and hire purchase	—	(2)	(170)	(854)	(1,662)	(2,613)
Operating (loss)/profit	(5,044)	35,016	(1,342)	(169,462)	(6,357)	(5,594)
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 profits of associates	1,468	2,915	3,447	403	678	1,828
Share of profits of a jointly controlled entity	—	3,007	9,092	7,701	7,067	4,378
(Loss)/Profit before taxation	(1,175)	60,772	11,197	(161,358)	1,388	612
Taxation	—	(1,000)	—	(324)	—	—
(Loss)/Profit for the period/year	(1,175)	59,772	11,197	(161,682)	1,388	612
Non-controlling interests	(329)	20	(145)	739	215	(30)
(Loss)/Profit attributable to shareholders of the Company	(1,504)	59,792	11,052	(160,943)	1,603	582

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

The Group recorded a net loss after tax and non-controlling interests of US$1.50 million for the six months ended 30 June 2011 (2010: US$1.51 million).

The corporate division recorded income of US$5.44 million (2010: US$2.43 million).

The Group's associates, Regent Markets and West China Coke, contributed a share of profit of US$0.49 million and US$0.98 million respectively to the Group for the six months ended 30 June 2011.

The main elements of the loss are analysed as follows:

	US$ (million)
Share of profit from Regent Markets	0.49
Share of profit of West China Coke	0.98
Gain on disposal of the Yinzishan Mining Project	2.40
Corporate investment	1.34
Coal mining and coking coal	(0.27)
Metals mining	(0.95)
Transaction costs on termination of BCI acquisition	(5.49)
Total loss attributable to shareholders of the Company	(1.50)

Financial Position

Shareholders' equity decreased by 3.52% to US$260.25 million as at 30 June 2011 from US$269.74 million as at 31 December 2010. The decrease was mainly due to: (i) the loss of US$1.50 million for the six months ended 30 June 2011, (ii) the buy back of 53.25 million shares of the Company, which reduced the share capital and share premium by US$2.08 million, (iii) the purchase of shares of the Company for a cost of US$0.74 million, which are held for the Group's share award scheme, (iv) the disposal of an available-for-sale financial asset (MICM) which reduced the investment revaluation reserve by US$6.86 million, (v) the decrease of the exchange reserve by US$0.23 million mainly due to the reversal of a subsidiary's exchange reserve, and these were offset against (vi) the exchange gain of US$0.75 million on translation of foreign operations, (vii) the share-based payment reserve increase of US$0.37 million due to the share-based payment on the Group's share award scheme and share of reserve from an associate, and (vii) the increase of statutory reserve of US$0.80 million due to the share of reserve from an associate.

The investments in Regent Markets of US$3.67 million and West China Coke of US$20.63 million accounted for 1.41% and 7.93% of the shareholders' equity respectively. The Group's assets comprised: (i) goodwill of US$12.26 million; (ii) exploration and evaluation assets of US$9.64 million; (iii) cash of US$59.70 million; (iv) listed and unlisted investments of US$141.63 million; and (v) other assets and receivables of US$23.93 million.

The Group's liabilities comprised payables and accruals of US$4.54 million and derivative financial instruments of US$3.39 million.

Future Funding

As at 30 June 2011, the Group held cash of US$59.70 million and margin deposits of US$13.42 million held with the Group's brokers for trading of derivatives, representing 22.94% and 5.16%, respectively, of shareholders' equity. The cash and margin deposit amounts do not take into account the Group's holding of listed securities of US$140.66 million that are valued at 30 June 2011.

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.

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 2011 and 31 December 2010.

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 2011.

Changes Since 30 June 2011

During July 2011, an aggregate of 138,580,000 shares were repurchased by the Company on the HK Stock Exchange at a total consideration of HK$48,949,200 (approximately US$6,290,000) which reduced the share capital and share premium by US$6.29 million.

Other than the above share repurchase, there were no other significant changes in the Group's financial position and from the information disclosed under Management's Discussion and Analysis in the interim report for the six months ended 30 June 2011.

Employees

The Group, including subsidiaries but excluding associates, employed approximately 30 employees at 30 June 2011. 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 report, 16,700,000 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 2011 (For the year ended 31 December 2010: a special interim dividend of HK$0.02 in cash per share).

Updates on Directors' Blographies

The Directors' biographies have been updated by the following since the Company's last annual report published for the year ended 31 December 2010:

1. Speymill Deutsche Immobilien Company plc, of which James Mellon is the non-executive chairman of the board, was delisted from the Alternative Investment Market (AIM) of the London Stock Exchange on 31 May 2011.

2. On 31 March 2011, the Group completed the disposal of its 97.54% interest in Yinzishan Mining Project and Jamie Gibson resigned as a director of Simao Regent Minerals Limited (being the Sino-foreign co-operative joint venture enterprise established for the project).

Directors' Interests in Securities and Options

As at 30 June 2011, 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	74,986,180	1.94%
	A	Beneficiary of a trust	Long position	375,821,131	9.74%
Stephen Dattels	B	Beneficiary of a trust	Long position	284,266,097	7.37%
Jamie Gibson		Beneficial owner	Long position	4,419,138	0.11%
David Comba		—	—	—	—
Julie Oates	C	Interests held jointly with another person	Long position	2,500,000	0.06%
Mark Searle		Beneficial owner	Long position	4,000,000	0.10%
	D	Beneficiary of a trust	Long position	1,000,000	0.03%
Jayne Sutcliffe		Beneficial owner	Long position	17,160,465	0.44%
	E	Beneficiary of a trust	Long position	27,965,226	0.72%

* These numbers do not include the number of the shares to be issued upon exercise of the outstanding options under the Share Option Scheme (2002) held by the Directors, which are disclosed in sub-paragraph (B) below.

** The total issued ordinary share capital of the Company as at 30 June 2011 consisted of 3,857,740,523 shares. Subsequent to the period end date, the Company repurchased an aggregate of 138,580,000 shares. Accordingly, as at the date of this report, the total issued ordinary share capital of the Company consists of 3,719,160,523 shares.

B. Share Option Scheme (2002)

Please refer to note 10.1 to the interim financial report as to the details of the Share Option Scheme (2002).

As at 30 June 2011, 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 price per share (HK$)	Exercise period#	Number of shares subject to vested options#	Consideration for grant of option (HK$)
James Mellon	2 October 2007	13,000,000	1.152	2 October 2008 – 1 October 2017	13,000,000	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	45,600,000	10.00
	2 October 2007	13,000,000	1.152	2 October 2008 – 1 October 2017	13,000,000	10.00
David Comba	2 October 2007	5,000,000	1.152	2 October 2008 – 1 October 2017	5,000,000	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 2011 and 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.

Save for the above, during the six months ended 30 June 2011 and prior to the date of this report, no Directors of the Company exercised any of their rights under the respective options granted to them pursuant to the Share Option Scheme (2002) and subscribed for shares in the Company; and no options were granted or cancelled or lapsed.

c. Long Term Incentive Plan 2007

Please refer to note 10.2 to the interim financial report as to the details of the Long Term Incentive Plan 2007.

On 7 January 2009, a unit in respect of 99,000,000 shares was granted under the plan to Jamie Gibson, who received his entitlement on 7 January 2009 in the full cash equivalent of HK$15,543,000 (approximately US$1,992,692), being at HK$0.157 per share. Such cash equivalent was made available to Jamie Gibson for allowing him to buy the number of shares which he was entitled under the plan in the market in accordance with the amendment to the extension of the “black out” period for dealing in securities by Directors that was then being introduced by the HK Stock Exchange, and such payment should be amortised over three years in line with the share scheme starting in the financial year ended 31 December 2009.

On 11 July 2011, in accordance with the rules of the Long Term Incentive Plan 2007 and as approved by the Remuneration Committee, all units granted under the plan before 2 December 2010, which remained outstanding then, were vested in full to the respective unitholders who remained as “Eligible Persons” under the plan then. Accordingly, an amount of pre-paid cash of HK$2,569,208 (approximately US$330,147) in respect of the unit granted to Jamie Gibson was debited to the “Employee Benefit Expenses” in the consolidated statement of comprehensive income for the six months ended 30 June 2011, and the remaining amount of HK$2,696,958 (approximately US$346,564) that would otherwise have been recognised over the remaining vesting period was fully recognised as “Employee Benefit Expenses” in the consolidated statement of comprehensive income in July 2011.

2. Securities of Associated Corporations

— 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	B	Beneficiary of a trust	Long position	5,250,000	18.74%
Jamie Gibson		Beneficial owner	Long position	225,000	0.80%
David Comba		—	—	—	—
Julie Oates		—	—	—	—
Mark Searle		—	—	—	—
Jayne Sutcliffe		Beneficial owner	Long position	150,000	0.54%

Notes:

A. The 375,821,131 ordinary shares in the Company are held by companies wholly owned by the trustee of a settlement, of which James Mellon is a beneficiary.

B. The 284,266,097 ordinary shares in the Company and 5,250,000 ordinary shares in AstroEast.com Limited are held by the trustee of a discretionary trust, under which Stephen Dattels is a beneficiary.

C. The 2,500,000 ordinary shares in the Company are held by Julie Oates for the beneficial interests jointly with her spouse.

D. The 1,000,000 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 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 is an indirect 50.99% owned subsidiary of the Company.

Save as disclosed herein, as at 30 June 2011 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 six-month period or prior to the date of this report.

Substantial Shareholders

As at 30 June 2011, 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	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)
Wilson Siu Wai Lum	Ordinary shares	Beneficial owner	Long position	9,040,000	0.23%	Nil
(Note 2)	Ordinary shares	Interests held by controlled corporation (Note 1)	Long position	210,300,000	5.45%	Nil
Trinity WS Capital Management Limited	Ordinary shares	Investment manager	Long position	87,000,000	2.26%	Nil
(Note 2)	Ordinary shares	Nominee for another person (other than a bare trustee)	Long position	123,300,000	3.20%	Nil

** The total issued ordinary share capital of the Company as at 30 June 2011 consisted of 3,857,740,523 shares. Subsequent to the period end date, the Company repurchased an aggregate of 138,580,000 shares. Accordingly, as at the date of this report, the total issued ordinary share capital of the Company consists of 3,719,160,523 shares.

Notes:

1. The 210,300,000 shares in the Company disclosed in the "interests held by controlled corporation" by Wilson Siu Wai Lum refer to the entirety of the interests disclosed by Trinity WS Capital Management Limited.
2. These shareholders filed returns with the Company on 4 August 2011 in respect of cessation of their being substantial shareholders of the Company on 3 August 2011.

Save for such interests, the Directors are not aware of any other persons who, as at 30 June 2011, 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 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 Corporate Governance Practices (the "**Code on CG Practices**") as set out in Appendix 14 to the HK Listing Rules 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 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 the Code on CG Practices during the six months ended 30 June 2011.

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 (the "**Group's Code**"), on exactly the terms and required standard contained in the Model Code, was adopted by the Group on 31 March 2004.

The Group's Code was revised on 1 January 2009 and further revised on 1 April 2009 in order to comply with the amendments made to the Model Code.

All Directors of the Company confirmed that they have complied with the Group's Code.

Directors' interests in securities and options of the Company are set out in detail under the section headed "Directors' Interests in Securities and Options".

The Group's Code is available at the Company's website: www.regentpac.com.

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, representing more than one-third of the Board. Each of the Independent Non-Executive Directors has confirmed: (i) that he/she complies with each of the independence criteria referred to in Rule 3.13(1) to (8); (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any connected person (as such term is defined in the HK Listing Rules) of the Company; and (iii) that there are no other factors that may affect his/her independence at the same time as the submission of his/her Declaration and Undertaking in Form B of Appendix 5 to the HK Listing Rules. The Directors consider that all three Independent Non-Executive Directors are independent under these independence criteria and are capable to efficiently 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). Julie Oates and Mark Searle serve in the audit committee, connected transactions committee and remuneration committee of the Company, while Julie Oates is the Chairlady of the first two committees.

Review by the Audit Committee

The interim financial report of the Company for the six months ended 30 June 2011 has 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 at the Company's website: www.regentpac.com.

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, which will be carried out in the 4th quarter of 2011. 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.

Connected Transactions Committee

The Company has established a connected transactions committee (the "**Connected Transactions Committee**") to review and monitor any conflict of interests that the Group may have with any of its directors, employees or members and, moreover, any actual or potential connected or related party transaction (including connected transactions exempted under the HK Listing Rules) that the Group is proposing to enter into, including any approvals thereof. The committee comprises two Independent Non-Executive Directors, namely Julie Oates (the Chairlady) and Mark Searle, and the Chief Executive Officer (Jamie Gibson).

Terms of reference of the Connected Transactions Committee are available at the Company's website: www.regentpac.com.

Remuneration Committee

The remuneration committee of the Company 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 and slightly amended on 8 February 2010. 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 at the Company's website: www.regentpac.com.

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 10 June 2010 to repurchase, on the HK Stock Exchange, shares up to a maximum of 391,099,052 shares (the "**2010 Repurchase Mandate**").

Prior to May 2011, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2010 Repurchase Mandate.

In May 2011, the Company repurchased an aggregate of 38,520,000 shares on the HK Stock Exchange pursuant to the 2010 Repurchase Mandate at prices ranging from HK$0.290 to HK$0.320 per share, for a total consideration of HK$11,865,150 (approximately US$1,535,039).

The 2010 Repurchase Mandate expired upon close of the Company's annual general meeting held on 1 June 2011, at which a new general mandate was granted to the Directors to repurchase, on the HK Stock Exchange, shares up to a maximum of 387,247,052 shares (the "**2011 Repurchase Mandate**").

The Company repurchased an aggregate of 153,310,000 shares on the HK Stock Exchange pursuant to the 2011 Repurchase Mandate at a total consideration of HK$53,167,700 (approximately US$6,832,138), details of which are set out below:

Month	Number of shares repurchased during the month	Highest price paid per share (HK$)	Lowest price paid per share (HK$)	Total amount paid (HK$)
June 2011	14,730,000	0.295	0.270	4,218,500
July 2011	138,580,000	0.380	0.305	48,949,200
	153,310,000			53,167,700

All the repurchased shares were cancelled accordingly.

2. **Long Term Incentive Plan 2007**

   During the period from 25 March 2011 to 28 March 2011, the Company, through its trustee, acquired from the market and on the HK Stock Exchange an aggregate of 16,700,000 shares at prices ranging from HK$0.330 to HK$0.350 per share, for a total consideration of HK$5,709,300 (approximately US$734,800), which are to be vested to the respective eligible participants under the Company's Long Term Incentive Plan 2007 in accordance with the vesting schedule 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 2011 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)*
David Comba#
Julie Oates#
Mark Searle#
Jayne Sutcliffe*

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

Hong Kong, 22 August 2011