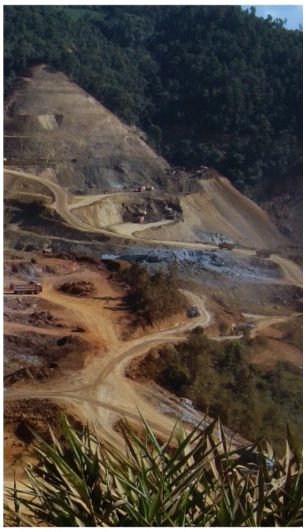
# Regent Pacific Group Limited

*(Incorporated in the Cayman Islands with Limited Liability)*

*Stock Code: 0575* *22 March 2011*

## ANNOUNCEMENT

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## AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2010

### KEY HIGHLIGHTS

Regent achieved record financial results in 2010, through the effective implementation of our stated strategy of building a Hong Kong-based mid tier mining house and a continued focus on our core operations.

Highlights of our 2010 results include:

- Record operating profit up 580% to US$34 million
- Total net profit after tax and non-controlling interests increased more than fivefold to US$59.8 million, up from US$11.1 million in 2009
- Consolidated income tripled to US$61.2 million, up from US$20.6 million in 2009
- Significant gains (including dividend income) from the Group's listed equity portfolio of US$60.2 million, generating an internal rate of return of 120%
- Successful disposals of Zhun Dong and Dapingzhang for a combined cash consideration of US$137.4 million
- Net asset value per share increased by 22% to 54 HK cents, up from 44 HK cents in 2009
- Significant cash position of US$123.8 million, up from US$3.1 million in 2009; we continue to have no debt

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- Return on opening shareholders' equity for the year 2010 was 27%

- Total dividends of 2 HK cents per share, up 33% from 2009

- ACMC received a letter of support from the Inner Mongolian Development and Reform Commission for obtaining the general plan for Ji Ri Ga Lang, which is a significant milestone towards obtaining the mining licence

- During the course of 2010, we increased our strategic stake in Venturex Resources Limited, an ASX listed precious and base metals exploration and development company, to 19.99%. In February 2011, we further increased our stake in Venturex to 25.9% through our participation in an institutional offering and a fully underwritten non-renounceable accelerated entitlements issue

- On 20 January 2011, we announced a recommended A$3.30 per share cash offer by way of a scheme of arrangement for BC Iron Limited, an ASX listed iron ore producer, further details of which can be seen in our announcement dated 20 January 2011. However, on 15 March 2011 the Company announced that it had unilaterally terminated the transaction. Further details can be seen in the Company's announcements dated 15, 18 and 21 March 2011.

Going forward, we will continue to drive growth by focusing on the enhancement of our core businesses and pursuing growth through accretive acquisitions 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**") are pleased to announce the audited results of the Group for the year ended 31 December 2010, together with comparative figures for the year ended 31 December 2009, as follows:

**Consolidated Statement of Comprehensive Income**
**For the year ended 31 December 2010**

| | Notes | 2010 US$'000 | 2009 US$'000 |
|---|---|---|---|
| Revenue/Turnover: | 4 | | |
| Corporate investment income | | 4,685 | 254 |
| Other income | | 647 | 673 |
| | | 5,332 | 927 |
| Fair value gain | | 55,826 | 19,626 |
| Total income | | 61,158 | 20,553 |
| Expenses: | | | |
| Employee benefit expenses | 6 | (22,057) | (10,063) |
| Rental and office expenses | | (447) | (479) |
| Information and technology expenses | | (334) | (363) |
| Marketing costs and commissions | | (19) | (14) |
| Professional and consulting fees | | (1,151) | (3,305) |
| Financial advisory fee | | (1,000) | - |
| Finance costs | 7 | (2) | (170) |
| Other operating expenses | | (2,016) | (1,117) |
| Operating profit before impairment loss and provision | | 34,132 | 5,042 |
| Write down for termination of Indonesian transaction | | - | (6,384) |
| Reversal of impairment loss on exploration and evaluation assets | | 912 | - |
| Impairment loss on available-for-sale financial assets | | (28) | - |
| Operating profit/(loss) | 5 | 35,016 | (1,342) |
| Gain on disposal of a jointly controlled entity and the Zhun Dong coal project | 14 | 19,834 | - |
| Share of profits of associates | | 2,915 | 3,447 |
| Share of profit of a jointly controlled entity | | 3,007 | 9,092 |
| Profit before income tax | | 60,772 | 11,197 |
| Taxation | 8 | (1,000) | - |
| **Profit for the year** | | 59,772 | 11,197 |
| | | | |
| **Other comprehensive income** | | | |
| Reclassified to profit and loss on disposal of available-for-sale financial assets | | 92 | - |
| Change in fair value of available-for-sale financial assets | | 5,563 | 750 |
| Exchange gain on translation of financial statements of foreign operations | | 87 | 6 |
| Reversal of exchange reserve upon disposal of a jointly controlled entity and the Zhun Dong coal project | | (4,610) | - |
| Share of other comprehensive income of associates | | 507 | 2 |
| Share of other comprehensive income of a jointly controlled entity | | 1,044 | (127) |
| **Other comprehensive income for the year** | | 2,683 | 631 |
| | | | |
| **Total comprehensive income for the year** | | 62,455 | 11,828 |

| | Notes | 2010<br>US$'000 | 2009<br>US$'000 |
|---|---|---|---|
| **Profit for the year attributable to:** | | | |
| Shareholders of the Company | | 59,792 | 11,052 |
| Non-controlling interests | | (20) | 145 |
| | | 59,772 | 11,197 |
| **Total comprehensive income attributable to:** | | | |
| Shareholders of the Company | | 62,498 | 11,658 |
| Non-controlling interests | | (43) | 170 |
| | | 62,455 | 11,828 |
| Earnings per share for profit attributable to shareholders of the Company during the year: | 11 | US cent | US cent |
| -Basic | | 1.54 | 0.28 |
| -Diluted | | N/A | N/A |

# Consolidated Statement of Financial Position
## As at 31 December 2010

| | Notes | 2010 US$'000 | 2009 US$'000 |
|---|---|---|---|
| **Non-current assets:** | | | |
| Goodwill | | 12,256 | 14,132 |
| Exploration and evaluation assets | | 9,485 | 8,187 |
| Property, plant and equipment | | 558 | 983 |
| Interests in associates | | 22,487 | 19,508 |
| Interest in a jointly controlled entity | | - | 36,889 |
| Available-for-sale financial assets | | 7,025 | 1,597 |
| | | 51,811 | 81,296 |
| **Current assets:** | | | |
| Cash and bank balances | | 123,816 | 3,085 |
| Financial assets at fair value through profit and loss | | 114,080 | 26,368 |
| Trade receivables | 12 | 43 | 43 |
| Loan receivables | | 4,345 | 4,345 |
| Prepayments, deposits and other receivables | | 6,090 | 52,749 |
| Amounts due from minority shareholders | | 852 | - |
| Derivative financial instruments | | - | 38 |
| Assets classified as held for sale | | - | 65,305 |
| | | 249,226 | 151,933 |
| **Current liabilities:** | | | |
| Trade payables, deposit received, accruals and other payables | 13 | (17,909) | (6,102) |
| Dividend payable | | (10,050) | - |
| Amounts due to minority shareholders | | - | (44) |
| Deferred tax liability | | - | (324) |
| Derivative financial instruments | | (740) | - |
| Borrowings | | - | (27) |
| Liabilities directly associated with assets classified as held for sale | | - | (63) |
| | | (28,699) | (6,560) |
| **Net current assets** | | 220,527 | 145,373 |
| **Total assets less current liabilities** | | 272,338 | 226,669 |
| **Non-current liabilities:** | | | |
| Borrowings | | - | (8) |
| **Net assets** | | 272,338 | 226,661 |
| **Capital and reserves attributable to shareholders of the Company** | | | |
| Share capital | | 39,109 | 39,486 |
| Reserves | | 230,626 | 184,529 |
| Equity attributable to shareholders of the Company | | 269,735 | 224,015 |
| **Non-controlling interests** | | 2,603 | 2,646 |
| **Total equity** | | 272,338 | 226,661 |

## Notes:

## 1. General Information

The Company was incorporated in the Cayman Islands with limited liability. Its registered office is at P.O. Box 309, Ugland House, 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 consolidated financial statements are presented in United States Dollars ("**US$**"), which is also the functional currency of the Company and all values are rounded to the nearest thousand ("**US$'000**") except when otherwise indicated.

The Company is engaged in investment holding, and the principal activities of the Company and its subsidiaries (collectively as defined as the "**Group**") consist of exploration and mining of natural resources, and corporate investments.

The financial statements for the year ended 31 December 2010 were approved and authorised for issue by the Board of Directors on 22 March 2011.

## 2. Basis of Preparation

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKAS**") and Interpretations (hereinafter collectively referred to as the "**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

## 3. Adoption of New or Amended HKFRSs

### 3.1 Adoption of new/ revised HKFRSs – effective 1 January 2010

| | |
|---|---|
| HKFRSs (Amendments) | Improvements to HKFRSs |
| Amendments to HKAS 39 | Eligible Hedged Items |
| Amendments to HKFRS 2 | Share-based payment - Group Cash-settled Share-based Payment Transactions |
| HKAS 27 | Consolidated and Separate Financial Statements |
| HKFRS 3 (Revised) | Business Combinations |

Except as explained below, the adoption of these new/ revised standards and interpretations has no significant impact on the Group's financial statements.

***HKFRS 3 (Revised) – Business Combinations and HKAS 27 (Revised) – Consolidated and Separate Financial Statements***

The revised accounting standards are effective prospectively for business combinations effected in financial periods beginning on or after 1 July 2009. Changes in HKFRS 3 include the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes impact the amount of goodwill and the results in the period that an acquisition occurs and future results. The adoption of revised HKFRS 3 has had no impact to the financial statements as there has been no business combination transaction during the year.

The revised HKAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners, accordingly, such transactions are recognised within equity. When control is lost, any remaining interest in the entity is re-measured to fair value, and any gain or loss is recognised in profit or loss. The adoption of revised HKAS 27 has had no impact on the current year because the Group did not have these transactions during the year and the new accounting policy has been applied prospectively according to the transitional provisions in the revised standard.

**3.2 New/ revised HKFRSs that have been issued but are not yet effective**

The following new/ revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group.

| | |
|---|---|
| HKFRSs (Amendments) | Improvements to HKFRSs 2010[1&2] |
| HKAS 24 (Revised) | Related Party Disclosures[2] |
| Amendments to HKFRS 7 | Disclosure - Transfers of Financial Assets[3] |
| HKFRS 9 | Financial Instruments[4] |

[1]Effective for annual periods beginning on or after 1 July 2010

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

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

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

***HKAS 24 (Revised) - Related Party Disclosures***

The adoption of HKAS 24 (Revised) clarifies and simplifies the definition of related parties. It also provides for a partial exemption of related party disclosure to government-related entities for transactions with the same government or entities that are controlled, jointly controlled or significantly influenced by the same government.

*Amendments to HKFRS 7 - Disclosure – Transfers of Financial Assets*

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.

*HKFRS 9 - Financial Instruments*

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.

The Group is in the process of making an assessment of the potential impact of these new/ revised HKFRSs and the Directors so far concluded that the application of these new/ revised HKFRSs will have no material impact on the Group's financial statements.

## 4. Segment Information

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

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

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

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

***For the year ended 31 December 2010***

| | Coal Mining US$'000 | Coking Coal US$'000 | Metals Mining US$'000 | Corporate Investment US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| Revenue from external customers | - | - | - | 5,332 | 5,332 |
| Segment results | (1,866) | (24) | (5,165) | 42,073 | 35,018 |
| Share of profits of associates | - | 2,277 | - | 638 | 2,915 |
| Share of profit of a jointly controlled entity | - | - | 3,007 | - | 3,007 |
| Total segment results | (1,866) | 2,253 | (2,158) | 42,711 | 40,940 |
| Gain on disposal of a jointly controlled entity and the Zhun Dong coal project | | | | | 19,834 |
| Finance costs | | | | | (2) |
| Taxation | | | | | (1,000) |
| Profit for the year | | | | | 59,772 |

***As at 31 December 2010***

| | Coal Mining US$'000 | Coking Coal US$'000 | Metals Mining US$'000 | Corporate Investment US$'000 | Unallocated US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| Segment assets | 17,743 | 4,876 | 2,158 | 246,748 | - | 271,525 |
| Available-for-sale financial assets | - | - | - | 7,025 | - | 7,025 |
| Interests in associates | - | 19,321 | - | 3,166 | - | 22,487 |
| Total assets | 17,743 | 24,197 | 2,158 | 256,939 | - | 301,037 |
| Segment liabilities | 396 | - | 729 | 27,574 | - | 28,699 |

**For the year ended 31 December 2010**

| | Coal Mining US$'000 | Coking Coal US$'000 | Metals Mining US$'000 | Corporate Investment US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| Interest income on bank deposits and loan receivables | - | - | - | 107 | 107 |
| Depreciation | (90) | - | (53) | (72) | (215) |
| Share-based payments | (33) | - | - | (1,473) | (1,506) |
| Impairment loss on available-for-sale financial assets | - | - | - | (28) | (28) |
| Fair value loss on available-for-sale financial assets | - | - | - | (135) | (135) |
| Fair value gain on financial assets at fair value through profit and loss | - | - | - | 55,782 | 55,782 |
| Fair value gain on derivative financial instruments | - | - | - | 151 | 151 |
| Capital expenditure | (3,525) | - | (374) | (208) | (4,107) |

***For the year ended 31 December 2009***

| | Coal Mining US$'000 | Coking Coal US$'000 | Metals Mining US$'000 | Corporate Investment US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| Revenue from external customers | - | - | - | 927 | 927 |
| Segment results | (2,472) | (45) | (3,643) | 4,988 | (1,172) |
| Share of profits of associates | - | 2,009 | - | 1,438 | 3,447 |
| Share of profit of a jointly controlled entity | - | - | 9,092 | - | 9,092 |
| Total segment results | (2,472) | 1,964 | 5,449 | 6,426 | 11,367 |
| Finance costs | | | | | (170) |
| Taxation | | | | | - |
| Profit for the year | | | | | 11,197 |

### *As at 31 December 2009*

| | Coal Mining US$'000 | Coking Coal US$'000 | Metals Mining US$'000 | Corporate Investment US$'000 | Unallocated US$'000 | Total US$'000 |
|---|---|---|---|---|---|---|
| Segment assets | 83,066 | 4,891 | 15,372 | 71,906 | - | 175,235 |
| Available-for-sale financial assets | - | - | - | 1,597 | - | 1,597 |
| Interests in associates | - | 16,623 | - | 2,885 | - | 19,508 |
| Interest in a jointly controlled entity | - | - | 36,889 | - | - | 36,889 |
| Total assets | 83,066 | 21,514 | 52,261 | 76,388 | - | 233,229 |
| Segment liabilities | 3,717 | - | 330 | 2,486 | - | 6,533 |
| Borrowings | - | - | - | - | 35 | 35 |
| Total liabilities | 3,717 | - | 330 | 2,486 | 35 | 6,568 |

### *For the year ended 31 December 2009*

| | Coal Mining US$'000 | Coking Coal US$'000 | Metals Mining US$'000 | Corporate Investment US$'000 | Total US$'000 |
|---|---|---|---|---|---|
| Interest income on bank deposits and loan receivables | - | - | - | 374 | 374 |
| Depreciation | (108) | - | (54) | (93) | (255) |
| Share-based payments | (25) | - | - | (1,602) | (1,627) |
| Write down for termination of Indonesian transaction | - | - | - | (6,384) | (6,384) |
| Fair value gain on available-for-sale financial assets | - | - | - | 15,842 | 15,842 |
| Fair value gain on financial assets at fair value through profit and loss | - | - | - | 4,822 | 4,822 |
| Fair value loss on derivative financial instruments | - | - | - | (1,037) | (1,037) |
| Capital expenditure | (1,973) | - | - | (11) | (1,984) |

The Group's revenues from external customers and its non-current assets (other than financial instruments and deferred tax assets) are divided into the following geographical areas:

| | Revenue from external customers | | Non-current assets | |
|---|---|---|---|---|
| | 2010 | 2009 | 2010 | 2009 |
| | US$'000 | US$'000 | US$'000 | US$'000 |
| Hong Kong (domicile) | - | - | 197 | 82 |
| Australia | 199 | - | - | - |
| PRC | 648 | (80) | 41,423 | 76,731 |
| United States | 6 | 524 | - | - |
| Europe[1] | 4,479 | 166 | 3,166 | 2,886 |
| South East Asia[2] | - | 317 | - | - |
| | 5,332 | 927 | 44,786 | 79,699 |

1 Europe includes the United Kingdom and Bahamas

2 South East Asia includes Singapore

The geographical location of customers is based on the location of exchange on which the Group's investments are traded. The geographical location of the non-current assets is based on the physical location of the assets.

## 5. Operating Profit/(Loss)

| | 2010 US$'000 | 2009 US$'000 |
|---|---|---|
| Operating profit /(loss) is arrived at after charging: | | |
| Auditors' remuneration | | |
| - charge for the year | 411 | 423 |
| - under provision in prior year | 36 | 48 |
| Depreciation of owned property, plant and equipment | 215 | 255 |
| Operating lease charges on property and equipment^ | 597 | 510 |
| Loss on disposal of property, plant and equipment | 361 | 1 |
| Write down for termination of Indonesian transaction | - | 6,384 |
| Impairment loss on available-for-sale financial assets | 28 | - |
| Realised loss on disposal of available-for-sale financial assets | 107 | - |
| Realised loss on derivative financial instruments | - | 1,075 |
| Unrealised loss on derivative financial instruments | 740 | - |
| Net foreign exchange loss* | 229 | 702 |
| Write back of repurchased share options | - | 1,067 |
| Share-based payments (equity and cash settled)# | 1,506 | 1,627 |
| and crediting: | | |
| Interest income on bank deposits and loan receivables* | 107 | 374 |
| Reversal of impairment loss on exploration and evaluation assets | 912 | - |
| Realised gain on disposal of financial assets at fair value through profit and loss | 16,783 | 1,069 |
| Realised gain on disposal of a jointly controlled entity and the Zhun Dong coal project | 19,834 | - |
| Unrealised gain on financial assets at fair value through profit and loss | 38,999 | 3,753 |
| Realised gain on derivative financial instruments | 891 | - |
| Unrealised gain on derivative financial instruments | - | 38 |
| Realised gain on disposal of available-for-sale financial assets | - | 15,842 |
| Dividend income* | 4,807 | 582 |

^ Included in operating lease charges on property and equipment were Director's accommodation expenses of nil (2009: US$131,000) that was included in "employee benefit expenses" on the face of the consolidated statement of comprehensive income.

* Included in revenue

# Included in share-based payments were (i) employee share-based payment of US$132,000 (2009: US$475,000) in relation to share options granted to Directors and employees, (ii) non-employee share-based payment of US$8,000 (2009: US$178,000) in relation to share options granted to the Group's consultants, and (iii) cash and equity settled employee share-based payment of US$937,000 and US$429,000, respectively (2009: US$790,000 and US$184,000, respectively) in relation to share awards granted to Directors and employees.

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

| | 2010<br>US$'000 | 2009<br>US$'000 |
|---|---|---|
| Salaries, discretionary bonuses and benefits in kind | 20,538 | 8,595 |
| Pension costs - defined contribution plans | 21 | 19 |
| Share options granted to Directors and employees | 132 | 475 |
| Share awards granted to Directors and employees | 1,366 | 974 |
| | 22,057 | 10,063 |

## 7. Finance Costs

| | 2010<br>US$'000 | 2009<br>US$'000 |
|---|---|---|
| Interest on hire purchase | 2 | 3 |
| Interest on redeemable convertible preference shares | - | 167 |
| | 2 | 170 |

## 8. Taxation

The amount of taxation in the consolidated statement of comprehensive income represents:

| | 2010<br>US$'000 | 2009<br>US$'000 |
|---|---|---|
| Current tax – overseas | | |
| - tax for the year | 1,000 | - |

No provision for Hong Kong tax has been made in these financial statements as all the Group companies which are subject to such tax have sustained losses for taxation purposes for the years ended 31 December 2010 and 31 December 2009. Overseas tax is calculated at the rates applicable in the respective jurisdictions.

Share of associates' tax charge for the year ended 31 December 2010 of US$374,000 (2009: US$203,000) and share of a jointly controlled entity's tax charge of US$340,000 (2009: US$934,000) are included in the consolidated statement of comprehensive income as share of profits of associates and share of profit of a jointly controlled entity respectively.

Under the PRC tax law, 5% to 10% withholding tax is levied on the foreign investor in respect of dividend distributions arising from a foreign investment enterprise's profit earned after 1 January 2008. Pursuant to the grandfathering treatments of the new PRC tax law, dividends receivable by the Group from its PRC jointly controlled entity in respect of its undistributed retained earnings prior to 31 December 2007 are exempted from the withholding tax.

At 31 December 2010, the Group has deferred tax liabilities of approximately US$77,000 in respect of the aggregate amount of temporary differences associated with undistributed earnings of its associates. At 31 December 2009, the Group has deferred tax liabilities of approximately US$256,000 in respect of the aggregate amount of temporary differences associated with undistributed earnings of its associates and jointly controlled entity. No deferred tax liabilities have been recognised in respect of these differences because the Group's management believes that it is probable that such differences will not be reversed in the foreseeable future.

## 9. Profit Attributable to Shareholders

The profit attributable to shareholders includes an amount of US$30,802,000 (2009: US$10,639,000) which has been dealt with in the financial statements of the Company.

## 10. Dividends

(i) Dividends payable to shareholders of the Company attributable to the year:

| | 2010 US$'000 | 2009 US$'000 |
|---|---|---|
| Interim dividend declared and paid of HK$0.005 per share | - | 2,547 |
| Special dividend declared and payable at the end of the reporting period of HK$0.02 per share | 10,050 | - |
| Final dividend proposed after the end of the reporting period of HK$0.01 per share | - | 5,095 |
| | 10,050 | 7,642 |

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to shareholders of the Company attributable to the previous financial year, approved and paid during the year:

| | 2010 US$'000 | 2009 US$'000 |
|---|---|---|
| Final dividend in respect of the previous financial year, approved and paid during the year, of HK$0.01 per share | 5,021 | - |

## 11. Earnings Per Share

The calculation of basic earnings per share is based on the profit attributable to shareholders for the year of US$59,792,000 (2009: US$11,052,000) and on the weighted average of 3,877,225,920 (2009: 3,919,757,830) ordinary shares in issue during the year.

Diluted earnings per share for the years ended 31 December 2010 and 2009 were not presented because the impact of the exercise of the share options and redeemable convertible preference shares were anti-dilutive.

Subsequent to the year end date and prior to the date of this announcement, no ordinary shares were issued and allotted.

## 12. Trade Receivables

As at 31 December 2010 and 2009, the ageing analysis of trade receivables was as follows:

| | 2010<br>US$'000 | 2009<br>US$'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. The fair value of the trade receivables was the same as illustrated above.

## 13. Trade Payables

Included in trade payables, deposit received, accruals and other payables are trade payables with the following ageing analysis as at 31 December 2010 and 2009:

| | 2010<br>US$'000 | 2009<br>US$'000 |
|---|---|---|
| Due within 1 month or on demand | - | - |
| More than 6 months | 97 | 109 |
| | 97 | 109 |

## 14. Disposal of Subsidiaries

On 29 November 2010, the Group disposed of its entire equity interest in its subsidiaries, Regent Coal (HK) Limited and Xin Jiang Regent Coal Limited, which mainly held the Zhun Dong Coal Project in Xinjiang, PRC.

On 2 December 2010, the Group disposed of its entire equity interest in its subsidiary, Regent Metals Limited, which mainly held a 40% jointly controlled entity Yunnan Simao Copper Shanshui Company Limited in Yunnan, PRC.

The net assets of i) Regent Coal (HK) Limited ("**RC(HK)**") and Xin Jiang Regent Coal Limited ("**XJRC**") and ii) Regent Metals Limited ("**RML**") at their respective date of disposal were as follows:

| | RC(HK) and XJRC US$'000 | RML US$'000 | Total US$'000 |
|---|---|---|---|
| Exploration and evaluation assets | 28,665 | - | 28,665 |
| Cash and bank balances | 325 | - | 325 |
| Dividend and other receivables | - | 13,306 | 13,306 |
| Goodwill | 38,005 | 1,876 | 39,881 |
| Interest in a jointly controlled entity | - | 40,940 | 40,940 |
| Exchange reserve | 250 | (4,860) | (4,610) |
| Accruals | (602) | - | (602) |
| Deferred tax liability | - | (324) | (324) |
| | 66,643 | 50,938 | 117,581 |
| Profit on disposal of subsidiaries included in profit for the year in the consolidated statement of comprehensive income | 7,592 | 12,242 | 19,834 |
| Total consideration | 74,235 | 63,180 | 137,415 |
| Satisfied by: | | | |
| Deposit received in 2009 | 3,514 | - | 3,514 |
| Cash received in 2010 | 70,721 | 63,180 | 133,901 |
| Total cash | 74,235 | 63,180 | 137,415 |
| Net cash inflow arising on disposal: | | | |
| Cash consideration | 74,235 | 63,180 | 137,415 |
| Cash and bank balance transferred | (325) | - | (325) |
| | 73,910 | 63,180 | 137,090 |

## CHAIRMAN'S STATEMENT

I am pleased to say that it has been a strong year with the delivery of record net profit after tax and non-controlling interests of US$59.8 million. In addition, we returned US$16.2 million to shareholders during the last twelve months by way of dividends and share buy-backs, which is in line with our stated policy of paying progressive dividends.

We experienced an exceptional second half to the year with all our operations achieving strong financial results. In addition, we completed our divestment programme in 2010 by disposing of Zhun Dong and Dapingzhang for a total cash consideration of US$137.4 million, realising a gain of US$19.8 million.

Our listed securities portfolio delivered an outstanding return of 120% resulting in a significant gain of US$60.2 million, US$16.8 million of which was realised in 2010. The total value of our listed equity portfolio was US$114.1 million as at 31 December 2010, up from US$26.4 million in 2009.

The Group's balance sheet remains strong with cash balances standing at US$123.8 million and listed securities amounting to US$114.1 million, with no debt. Our net asset value per share was US$0.069, up from US$0.058 in 2009. The return generated on opening shareholders' equity for the year was 27%.

This year's record results demonstrate that our strategy of building a Hong Kong-based mid tier mining house is paying off. The second half of the year experienced strong commodity markets and our management delivered excellent operational performance across our business units.

Looking back at 2010, I am delighted to see the strategy that we started in previous years coming into fruition, which underpinned the record profit this year with the prospect of even greater growth in the future. It is also pleasing to see that we have delivered on what we set out to do this year, with pretty much all boxes ticked.

We are in a significant growth phase and have multiple opportunities to pursue. Our strategy remains the same and our strengthened balance sheet means we are in good position to deliver on this. We will continue to pursue growth by way of accretive acquisitions and will target small to medium sized acquisitions.

On behalf of the Board, I want to thank our shareholders and especially our employees for delivering a record performance. Let me finish off by saying that Regent is in an exciting position as we enter 2011 and we are determined to push for growth with the best yet to come.

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

### Revenue and Profits

The Company recorded a net profit after tax and non-controlling interests of US$59.79 million, up fivefold from US$11.05 million in 2009. The net profit includes a realised gain of US$19.83 million from the disposal of the Company's interest in the Dapingzhang Mine and the Zhun Dong coal project.

Our income from the corporate investment division was exceptionally strong at US$61.16 million, up from US$20.55 million.

The jointly controlled entity and the associate of the Group, Yunnan Simao Shanshui Copper Company Limited ("**YSSCCL**"), together with West China Coking & Gas Company Limited ("**West China Coke**") and Regent Markets Holdings Limited ("**Regent Markets**"), also associates, contributed a share of profit of US$3.01 million, US$2.28 million and US$0.64 million respectively to the Group.

The main elements of the profit are analysed as follows:

| | US$ million |
|---|---|
| Share of profit from YSSCCL | 3.01 |
| Share of profit from West China Coke | 2.28 |
| Share of profit from Regent Markets | 0.64 |
| Corporate investment | 42.12 |
| Coal mining and coking coal | (1.89) |
| Metals mining | (6.08) |
| Gain on disposal of a jointly controlled entity and the Zhun Dong coal project | 19.83 |
| Reversal of impairment of exploration and evaluation assets | 0.91 |
| Taxation | (1.00) |
| Impairment loss on available-for-sale financial assets | (0.03) |
| **Total profit attributable to shareholders** | **59.79** |

### Financial Position

Shareholders' equity increased by 20.41% to US$269.74 million as at 31 December 2010 from US$224.02 million as at 31 December 2009. The increase was mainly due to (i) the profit of US$59.79 million for the year ended 31 December 2010, (ii) the unrealised gain of US$5.56 million on available-for-sale investments, and was set against (iii) the buy back of 37.7 million shares which reduced the share capital and share premium by US$1.16 million, (iv) the payment of 2009 final dividend of US$5.02 million and declaration of 2010 special interim dividend of US$10.05 million, which reduced the share premium by US$15.07 million, and (v) the exchange reserve decreased by US$2.95 million mainly due to the reversal of YSSCCL's exchange reserve.

The investments in Regent Markets of US$3.17 million and West China Coke of US$19.32 million accounted for 1.18% and 7.16% of shareholders' equity respectively. The Group's assets also comprised: (i) goodwill of US$12.26 million, (ii) exploration and evaluation assets of US$9.49 million, (iii) cash and bank balances of US$123.82 million, (iv) listed and unlisted investments of US$121.11 million, and (v) other assets and receivables of US$11.87 million.

The Group's liabilities comprised (i) payables and accruals of US$17.91 million, (ii) dividend payable of US$10.05 million, and (iii) derivative financial instruments of US$0.74 million.

## Funding

As at 31 December 2010, the Group had US$123.82 million cash and US$2.24 million of margin deposits held with the Group's brokers for trading of derivatives that represented 45.9% and 0.83% of its total shareholders' equity, which does not take into account the Group's holding of listed securities that amounted to US$114.08 million.

## 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 31 December 2010.

## Contingent Liabilities

The Group has no material contingent liabilities as at 31 December 2010.

## Charge on Assets

None of the Group's assets were pledged as at 31 December 2010.

## Management of Risk

In 2010, the most significant risk affecting the profitability and viability in respect of the Group is the continued success and revenue derived from its 40% interest in YSSCCL, a Sino-foreign joint venture enterprise that produces a copper concentrate and a zinc concentrate with gold and silver credits, and its listed equity portfolio. There are also risks affecting the Group's profitability and viability in 2010 is in respect of the Group's interest in Abagaqi Changjiang Mining Limited ("**ACMC**" or the "**Ji Ri Ga Lang Coal Project**"), and West China Coke. Risks relating to the Group's interests include:

*Price Risk*

The profitability of any mining operation in which the Group has an interest is significantly affected by the market prices of commodities.

The fluctuations in commodity prices are influenced by numerous factors beyond the control of the Group. Exchange rates, interest rates, inflation, and the world's supply and demand for commodities can each cause significant fluctuations in commodity prices. Such external economic factors are, in turn, influenced by changes in international economic growth patterns and political developments. In addition, commodity prices in the People's Republic of China (the "**PRC**" or "**China**") are highly influenced by fluctuations in international commodity prices, which is beyond the control of the Group.

*Co-operation of the Joint Venture Partners*

Certain of the Group's mining operations, including ACMC and West China Coke, together with other assets in which the Group may become interested in are or will be joint venture companies. If a dispute arises between any of the joint venture partners in connection with the performance of the party's obligations or the scope of a party's responsibilities under the relevant joint venture agreements, the parties may not be able to resolve their differences through negotiation or arbitration. In the event such a material dispute cannot be resolved in a timely manner, the business and operations of the relevant joint venture company may suffer, and the joint venture agreement may even be terminated by mutual consent of the parties or as a result of a material breach by one of them.

There is no guarantee that any of the joint venture partners will agree on management matters due to possible conflicts of interest, and any disagreement may result in a dispute between us and the relevant joint venture partner. In the event of a deadlock at a board meeting of such joint venture company, if the partners cannot resolve the disagreement in a timely manner through negotiation or dispute resolution mechanisms, such deadlock may cause the board of directors of the relevant joint venture company to fail to make, or delay in making, an important decision, which may adversely affect the financial condition and results of operations of that joint venture company.

Any of the foregoing events could have a material adverse effect on the Group's or the relevant joint ventures' financial condition and results of operations.

The smooth operation of ACMC and West China Coke is dependent upon the co-operation of all joint venture parties.

*Operational Risks*

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

*Uncertainties Related to Exploration*

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

*Licence Period of Exploration and Mining Rights*

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

*Capital Requirements and Funding Sources*

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

*Government Regulations*

Mining operations in the PRC are subject to extensive laws and regulations governing exploration, development, production, exports, taxes, labour standards, occupational health and safety, waste disposal, monitoring, protection, and remediation of the environment, reclamation, mine safety, toxic substances and other matters. Changes in such laws and regulations may be significant and could delay the progress of, cause interruptions to, and increase the costs associated with the operations of the Group.

*Political and Economic Considerations*

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

*Legal Considerations*

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

*Competition for Resources*

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

*Foreign Exchange Risk*

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

*Interest Rate Risk*

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

*Environmental and Employee Health and Safety Risks*

Mining companies in the PRC are subject to extensive and increasingly stringent environmental, and employee health and safety protection laws and regulations. These impose fees for discharge of waste substances, require the establishment of reserves for reclamation and rehabilitation, and impose fines for serious environmental offences and breaches of labour and employment laws. The PRC government may shut down any facility that fails to comply with orders requiring it to correct or cease operations that raise environmental or employee health and safety concerns. Failure to comply with existing or future environmental, and labour laws and regulations could have a material adverse effect on the Group's or West China Coke's business, operations, financial condition and results of operations.

*Accidents and Insufficient Insurance Coverage*

The Group's and West China Coke's operations involve significant risks and occupational hazards that are inherent in such activities and may not be completely eliminated through the implementation of preventative measures. There is no guarantee that safety-related accidents will not occur due to adverse operating conditions and the consequences resulting from them may not be covered adequately, or at all, by the Group's or West China Coke's insurance policies, if any. Losses incurred or payments that may be required may have a material adverse effect on the Group's or West China Coke's financial condition and results of operations to the extent that such losses or payments are not insured or the insured amount is not adequate.

*Ji Ri Ga Lang Coal Project - Conversion of Exploration Licence into Mining Licence*

The Group, acting through Regent Coal (BVI) Limited ("**Regent Coal (BVI)**"), completed the acquisition of a 51% equity interest in ACMC in December 2007 and shall acquire the remaining 49% equity interest on the issuance of the mining licence and the completion of certain other conditions precedent.

The only major assets of ACMC (besides cash) are the above referenced exploration licences for ACMC to explore the coal resources over the permitted area on an exclusive basis. Both ACMC will require a mining licence or licences to exploit and mine the coal resources and is currently in the process of applying for such mining licence. The Directors understand that an exploration licence can be converted into a mining licence provided that, upon application, all relevant documents are filed with the approving authorities, including but not limited to an approved geological exploration and reserves report together with relevant documents such as their qualifications certificate, proposal for development and use of mineral resources and environmental impact assessment report, among others. Due to the uncertainties in the relevant PRC laws and regulations regarding the procurement of mining rights, there is no assurance that ACMC will be successful in procuring the necessary mining right permits. Failure to procure the mining rights in respect of these tenements could reduce, impede or limit the potential economic upside in these assets for the Group's business and the results of its operations.

*Cyclical Nature of Coal Markets and Fluctuations in Coal Prices*

The business and results of operations of the Group's coal projects are expected to be substantially dependent on the domestic supply of, and demand for coal. Historically, the domestic markets for coal and coal-related products have at times experienced alternating periods of increased demand and excess supply. The fluctuations in supply and demand are caused by numerous factors beyond the Group's and the coal projects' control, which include, but are not limited to:

- domestic economic and political conditions and competition from other energy sources;

- the rate of growth and expansion in industries with high coal demand, such as the power and steel industries;

- the indirect influence on domestic coal prices by the PRC government through its regulation of on-grid tariffs and the allocation of transportation capacity on the national rail system; and

- the availability and pricing of imported coals in substituting and displacing domestic supplies

There can be no assurance that the domestic demand for coal and coal-related products will continue to grow, or that the domestic market for coal and coal-related products will not experience excess supply. A significant decline in demand for, or an over-supply of, coal and coal-related products may have a material adverse effect on the Group's and the coal projects' business, results of operations and financial condition.

*Maximum Foreign Equity Holding Permitted in Coal Exploration and Mining*

The Ministry of Commerce and the State Development and Reform Commission of the PRC have updated and re-published the State Catalogue for the Guidance of Foreign Invested Industries (the "**Catalogue**"). All industries, according to the Catalogue, are divided into four categories (i.e. encouraged, permitted, restricted and prohibited) representing the policies of the State toward foreign investment in different industries. According to the Catalogue, the "exploration and development of coal resources" have been removed from the encouraged category. Under the restricted category of the Catalogue, there is a requirement for a Chinese party to hold a majority equity interest in "exploration and mining of special and scarce coals". The existing PRC law offers no clear guidance as to what coals shall be considered as "special and scarce". As advised by the Company's PRC legal adviser, after consultation with several experts in the PRC mining industry and an official of the Ministry of Land and Resources on a no-name basis, the Company understands that the view widely held in the industry is that "special and scarce coals" shall primarily include hard coking coals and high-quality low-ash coals. Based upon this understanding, this restriction on "special and scarce coals" is very unlikely to adversely affect the Ji Ri Ga Lang Coal Project. However, given the apparent tightening of State policies toward foreign investment in the mining industry as reflected in the Catalogue, there is a possibility that the PRC authorities may adopt a broader interpretation of "special and scarce coals" which may cover the coal resources involved in the Ji Ri Ga Lang Coal Project. As a consequence, the PRC authorities may require the foreign majority equity interests in ACMC be reduced to a minority interest.

*Change in Regulations to Exploitation of Resources by the State Investment Catalogue*

The Catalogue has also imposed an express ban on foreign investment in the exploration and mining of certain rare or non-renewable mineral resources. Specifically, the exploration and exploitation of tungsten, tin, antimony, molybdenum and fluorite have now been categorised as "prohibited". Shareholders shall note that the exploration of thermal coal and related resources and the exploration of copper, lead and zinc and aluminium are now in the permitted category after being removed from the encouraged category. Further changes in regulations could have a material adverse effect on the ability of the Group to conduct its exploration and mining operations in China.

**Financial Instruments**

The Group will operate both equity market and currency hedges from time to time. Investment is carefully controlled, in accordance with parameters set by the Board, in short term situations where physical assets may be inappropriate. There is strict segregation between the investment management and settlement functions.

In the course of the Group's normal operations, margin deposits of varying amounts of cash are held by the Group's brokers. As at 31 December 2010, the amount of these margin deposits was US$2,243,000 (2009: US$34,118,000). In terms of the total operations of the Group, activities of this nature are of limited materiality.

**Foreign Currency**

The Group had not taken out any currency hedge as the management is not aware of any material foreign currency risk against its investments in financial assets. Currently, the Group has no material financial liabilities denominated in foreign currencies other than USD.

**Material Acquisitions and Disposals**

On 29 November 2010, the Group disposed of its entire equity interest in its subsidiaries, Regent Coal (HK) Limited and Xin Jiang Regent Coal Limited, which mainly held the Zhun Dong coal project in Xinjiang, PRC. Total consideration received from the disposal of the Zhun Dong Coal Project was USD74.24 million, and the gain realised from the disposal was USD7.59 million.

On 2 December 2010, the Group disposed of its entire equity interest in its subsidiary, Regent Metals Limited, which mainly held 40% equity interest in a jointly controlled entity, YSSCCL, in Yunnan, PRC.

Consideration received from the disposal was USD63.18 million, and the gain realised from the disposal was USD12.24 million.

For details of these disposals, please refer to note 14 in this announcement.

## Segmental Information

During the period ended 31 December 2010, there were no changes in the Group's industry segment and there was no material development within the segment.

## Future Plans

On 20 January 2011, the Company announced a recommended A$3.30 per share cash offer by way of a scheme of arrangement for BC Iron Limited, a ASX Limited listed iron ore producer, further details of which can be seen in the Company's announcement dated 20 January 2011. However, on 15 March 2011, the Company announced that it had unilaterally terminated the transaction. Further details can be seen in the Company's announcements dated 15,18 and 21 March 2011.

## Employees

The Group, including subsidiaries but excluding associates, employed approximately 30 employees at 31 December 2010. The remuneration policy is to reward key employees by a combination of salaries, profit related discretionary bonuses, 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, grants of share rewards will be agreed by the remuneration committee of the Board. During the year and up to the date of this announcement, 56,700,000 share awards were granted to eligible participants.

## FINAL DIVIDEND

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2010 (2009: HK$0.01 per share).

## 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 year ended 31 December 2010.

## REVIEW BY THE AUDIT COMMITTEE

The audited financial statements of the Company for the year ended 31 December 2010 have been reviewed by the audit committee of the Company (the "**Audit Committee**").

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

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

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

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

## PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

The Company announced on 21 December 2009 that subject to market conditions and the Directors' absolute discretion, the Company intended to use up to HK$78 million (approximately US$10 million) for undertaking an on-market share repurchase plan pursuant to the exercise of the repurchase mandate granted at the annual general meeting held on 12 June 2009 (which authorised the repurchase of up to 394,869,052 shares) (the "**2009 Repurchase Mandate**"). The funds used for such plan would be financed from the Company's internal and existing cash reserves.

During the year ended 31 December 2010, the Company repurchased an aggregate of 37,700,000 shares on the HK Stock Exchange at a total consideration of HK$8,914,110 (approximately US$1,155,000), 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$) |
|---|---|---|---|---|
| January 2010 | 24,960,000 | 0.250 | 0.237 | 6,131,920 |
| February 2010 | 12,740,000 | 0.224 | 0.207 | 2,782,190 |
| | 37,700,000 | | | 8,914,110 |

The repurchased shares were cancelled accordingly.

The 2009 Repurchase Mandate expired upon close of the Company's annual general meeting held on 10 June 2010, and a new repurchase mandate for repurchasing up to a maximum of 10% of the fully paid issued share capital of the Company was granted at the same meeting, expiring at the close of the Company's forthcoming annual general meeting.

In addition, the Company, through its trustee, acquired an aggregate of 40,000,000 shares from the market and on the HK Stock Exchange at a total consideration of HK$9,302,090 (approximately US$1,199,000), which are to be vested to the respective eligible participants under the Company's Long Term Incentive Plan 2007 in accordance with the vesting schedule of the units granted, details of which are set out below:

- An aggregate of 16,000,000 shares were acquired during the period from 24 May 2010 to 27 May 2010 at the range of prices of HK$0.213 to HK$0.231 per share, for a total consideration of HK$3,524,150 (approximately US$454,000); and
- An aggregate of 24,000,000 shares were acquired during the period from 3 September 2010 to 22 September 2010 at the range of prices of HK$0.229 to HK$0.255 per share, for a total consideration of HK$5,777,940 (approximately US$745,000).

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 year ended 31 December 2010 or subsequent to the year 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 ANNUAL REPORT

The annual report containing full details of the Company's audited final results for year ended 31 December 2010 will be despatched to all its shareholders and be published on the aforesaid websites before 30 April 2011.

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 March 2011