Regent Pacific Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 575

2012

INTERIM REPORT

Performance Overview

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

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

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

- sought and had appointed Jamie Gibson to the board of BCI as a Non-Executive Director, following which the Group expects that it will equity account its investment going forward whereby the Group's consolidated financial statements will reflect its share (currently 23.11%) of the net profit or loss of BCI
- further increased its strategic position in Venturex Resources Limited ("**Venturex**") to 31.87% through participation in the recently completed entitlements issue and acquiring additional Venturex shares on-market (as announced by the Company on 2 August 2012)

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

RESULTS

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012

	Notes	(Unaudited) For the six months ended 30 June 2012 US$'000	30 June 2011 US$'000
			(Restated)
Continuing operations			
Revenue/Turnover:	3		
Corporate investment income		349	1,298
Other income		57	307
		406	1,605
Fair value (loss)/gain on financial instruments		(30,640)	3,836
Total income		(30,234)	5,441
Expenses:			
Employee benefit expenses		(4,684)	(3,441)
Rental and office expenses		(456)	(294)
Information and technology expenses		(135)	(119)
Marketing costs and commissions		(17)	(37)
Professional and consulting fees		(346)	(323)
Transaction cost on termination of acquisition of BCI		—	(5,487)
Other operating expenses		(955)	(494)
Operating loss	4	(36,827)	(4,754)
Gain on disposal of the Yinzishan Mining Project	11	—	2,401
Share of results of associates		388	1,468

		(Unaudited) For the six months ended	
		30 June 2012	30 June 2011
	Notes	US$'000	US$'000
			(Restated)
Loss before taxation		(36,439)	(885)
Taxation	5	—	—
Loss for the period from continuing operations		(36,439)	(885)
Discontinued operations	8		
Operating loss		—	(290)
Gain on disposal of the JRGL Coal Project	11	4,409	—
Taxation		(991)	—
Profit/(Loss) for the period from discontinued operations		3,418	(290)
Loss for the period		(33,021)	(1,175)

	Notes	(Unaudited) For the six months ended 30 June 2012 US$'000	30 June 2011 US$'000
			(Restated)
Other comprehensive income			
Unrealised loss on available-for-sales financial assets		(1,027)	—
Reclassified to profit or loss on disposal of available–for–sale financial assets		–	(6,858)
Exchange (loss)/gain on translation of financial statements of foreign operations		(23)	639
Reversal of exchange reserve upon disposal of subsidiaries		(110)	(225)
Share of other comprehensive income of associates		(47)	1,264
Other comprehensive income for the period		(1,207)	(5,180)
Total comprehensive income for the period		(34,228)	(6,355)
(Loss)/Profit for the period attributable to:			
Shareholders of the Company		(32,865)	(1,504)
Non-controlling interests		(156)	329
		(33,021)	(1,175)
(Loss)/Profit attributable to shareholders of the Company arises from:			
Continuing operations		(36,283)	(1,239)
Discontinued operations		3,418	(265)
		(32,865)	(1,504)

	Notes	(Unaudited) For the six months ended 30 June 2012 US$'000	30 June 2011 US$'000
			(Restated)
Total comprehensive income attributable to:			
Shareholders of the Company		(34,070)	(7,032)
Non-controlling interests		(158)	677
		(34,228)	(6,355)
Total comprehensive income attributable to shareholders of the Company arises from:			
Continuing operations		(37,488)	(7,047)
Discontinued operations		3,418	15
		(34,070)	(7,032)
Losses per share from continuing and discontinued operations	6	*US cent*	*US cent*
– Basic and Diluted		(0.98)	(0.04)
Losses per share from continuing operations	6	*US cent*	*US cent*
– Basic and Diluted		(1.08)	(0.03)
Earnings/(Losses) per share from discontinued operations	6	*US cent*	*US cent*
– Basic and Diluted		0.10	(0.01)

Consolidated Statement of Financial Position

As at 30 June 2012

	Notes	(Unaudited) As at 30 June 2012 US$'000	(Audited) As at 31 December 2011 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill		—	—
Exploration and evaluation assets		—	—
Property, plant and equipment		344	296
Interests in associates		24,692	24,727
Available-for-sale financial assets		10,938	9,287
		35,974	34,310
Current assets			
Cash and bank balances		12,552	16,412
Financial assets at fair value through profit or loss		91,139	126,026
Loan receivables		—	—
Prepayments, deposits and other receivables		6,573	10,034
Derivative financial instruments	10	2,349	1,975
Assets classified as held for sale		—	17,728
		112,613	172,175
Current liabilities			
Trade payables, deposit received, accruals and other payables	7	(3,451)	(5,534)
Dividend payable		—	(13,463)
Derivative financial instruments	10	—	(491)
Liabilities directly associated with assets classified as held for sale		—	(3,649)
		(3,451)	(23,137)

	Notes	(Unaudited) As at 30 June 2012 US$'000	(Audited) As at 31 December 2011 US$'000
Net current assets		109,162	149,038
Total assets less current liabilities		145,136	183,348
NET ASSETS		145,136	183,348
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	9	34,857	34,857
Reserves		110,205	147,167
Equity attributable to shareholders of the Company		145,062	182,024
Non-controlling interests		74	1,324
TOTAL EQUITY		145,136	183,348
NAV per share:			
– US cents		4.16	5.22
– Hong Kong cents		32.45	40.72

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Equity attributable to shareholders of the Company											
2012	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
At 1 January 2012	34,857	(195,086)	333,825	3,667	8,228	–	981	(7,754)	3,306	182,024	1,324	183,348
Shares purchased for share award scheme	–	–	–	–	–	–	–	(4,814)	–	(4,814)	–	(4,814)
Distribution of shares awarded	–	35	–	(280)	–	–	–	245	–	–	–	–
Disposal of the JRGL Coal Project	–	–	–	–	–	–	–	–	–	–	(1,092)	(1,092)
Share-based payment	–	–	–	1,922	–	–	–	–	–	1,922	–	1,922
Share options forfeited	–	88	–	(88)	–	–	–	–	–	–	–	–
Share awards forfeited	–	158	–	(158)	–	–	–	–	–	–	–	–
Transactions with shareholders	–	281	–	1,396	–	–	–	(4,569)	–	(2,892)	(1,092)	(3,984)
Loss for the period	–	(32,865)	–	–	–	–	–	–	–	(32,865)	(156)	(33,021)
Other comprehensive income												
Foreign currency translation adjustment	–	–	–	–	–	–	–	–	(21)	(21)	(2)	(23)
Reclassified to profit or loss on disposal of the JRGL Coal Project	–	–	–	–	–	–	–	–	(110)	(110)	–	(110)
Share of reserve of associates	–	–	–	(7)	–	–	–	–	(40)	(47)	–	(47)
Unrealised loss on available-for-sale financial assets	–	–	–	–	–	(1,027)	–	–	–	(1,027)	–	(1,027)
Total comprehensive income for the period	–	(32,865)	–	(7)	–	(1,027)	–	–	(171)	(34,070)	(158)	(34,228)
At 30 June 2012	34,857	(227,670)	333,825	5,056	8,228	(1,027)	981	(12,323)	3,135	145,062	74	145,136

* The PRC Government required all companies which are engaged in highly dangerous industries to set up a reserve for the protection of the company, its staff and others due to any potential accidents.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Equity attributable to shareholders of the Company											
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
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)
Distribution of shares awarded	–	85	–	(388)	–	–	–	303	–	–	–	–
Dividend payment	–	–	(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 for 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

* The PRC Government required all companies which are engaged in highly dangerous industries to set up a reserve for the protection of the company, its staff and others due to any potential accidents.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	(Unaudited) For the six months ended 30 June 2012 US$'000	30 June 2011 US$'000
		(Restated)
Net cash (used in)/generated from operating activities		
Continuing operations	(19,111)	(50,032)
Discontinued operations	—	610
	(19,111)	(49,422)
Net cash generated from/(used in) investing activities	19,923	(1,832)
Net cash used in financing activities	(4,814)	(12,866)
Net decrease in cash and cash equivalents	(4,002)	(64,120)
Cash and cash equivalents at the beginning of the period	16,554	123,816
Cash and cash equivalents at the end of the period	12,552	59,696
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	12,552	59,696

Notes to the Interim Financial Report

For the six months ended 30 June 2012

1. General information and basis of preparation

The Company was incorporated in the Cayman Islands with limited liability. Its registered office is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company's shares are listed on The Stock Exchange of Hong Kong Limited (the "**HK Stock Exchange**") and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange.

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

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

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

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

2. Adoption of new or revised HKFRSs

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

Amendments to HKFRS 7	Disclosures – Transfers of financial assets

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

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

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

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

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

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

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

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

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

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

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

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

3. Segment information

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

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

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

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

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

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

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

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

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

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

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

For the six months ended 30 June 2012

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

For the six months ended 30 June 2011

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

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

4. Operating loss

	(Unaudited)					
	Continuing operations		Discontinued operations		Total	
	For the six months ended		For the six months ended		For the six months ended	
	30 June 2012 US$'000	30 June 2011 US$'000	30 June 2012 US$'000	30 June 2011 US$'000	30 June 2012 US$'000	30 June 2011 US$'000
Operating loss is arrived at after charging:						
Auditors' remuneration	65	68	—	28	65	96
Depreciation on owned property, plant and equipment	46	42	—	15	46	57
Operating lease charges on property and equipment^	402	425	—	—	402	425
Share-based payment (equity and cash settled)#	1,922	694	—	—	1,922	694
Loss on disposal of property, plant and equipment	15	–	—	—	15	—
Realised loss on derivative financial instruments@(3)	579	584	—	—	579	584
Realised loss on disposal of financial assets at fair value through profit or loss@(2)	377	—	—	—	377	—
Unrealised loss on derivative financial instruments@(3)	—	3,389	—	—	—	3,389
Unrealised loss on financial assets at fair value through profit or loss@ (2)	30,058	—	—	—	30,058	—

	(Unaudited)					
	Continuing operations		Discontinued operations		Total	
	For the six months ended		For the six months ended		For the six months ended	
	30 June 2012 US$'000	30 June 2011 US$'000	30 June 2012 US$'000	30 June 2011 US$'000	30 June 2012 US$'000	30 June 2011 US$'000
and crediting:						
Interest income on bank deposits and loan receivable*	53	449	—	—	53	449
Net foreign exchange gain*	197	794	—	—	197	794
Dividend income from unlisted equities*	75	27	—	—	75	27
Dividend income from listed equities*	24	28	—	—	24	28
Unrealised gain on derivative financial instruments@(3)	374	—	—	—	374	—
Unrealised gain on financial assets at fair value through profit or loss@(2)	—	1,348	—	—	—	1,348
Realised gain on disposal of financial assets at fair value through profit or loss@(2)	—	49	—	—	—	49
Realised gain on disposal of the JRGL Coal Project	4,409	—	—	—	4,409	—
Realised gain on disposal of the Yinzishan Mining Project	—	2,401	—	—	—	2,401
Realised gain on disposal of available-for-sale financial assets@(1)	—	6,412	—	—	—	6,412

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

* Included in revenue.

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

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

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

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

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

5. Taxation

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

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

6. Earnings/(Losses) per share

(a) From continuing and discontinued operations

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

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

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

(b) From continuing operations

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

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

(c) From discontinued operations

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

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

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

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

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

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

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

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

8. Discontinued operations

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

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

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

The cash flows from the discontinued operations are as follows:

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

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

9. 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 2012 and 31 December 2011	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 2011	3,910,990,523	39,109
Shares repurchased and cancelled	(425,260,000)	(4,252)
At 31 December 2011	3,485,730,523	34,857
Shares repurchased and cancelled	—	—
At 30 June 2012	3,485,730,523	34,857

* 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 2012, the total issued ordinary share capital of the Company consisted of 3,485,730,523 shares. During the six months ended 30 June 2012 and prior to the date of this report, no new shares were issued and allotted by the Company, and no shares were repurchased by the Company.

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 9.2) 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 of 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 grant 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 2012, 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 153,866,132 ordinary shares (1 January 2011: 157,116,132 shares) at the exercise prices ranging from HK$0.266 to HK$1.152 per share, representing 4.41% (1 January 2011: 4.02%) of the Company's then issued ordinary share capital and 4.23% (1 January 2011: 3.86%) of the enlarged ordinary share capital. All the outstanding options in respect of an aggregate of 153,866,132 shares or 100% were vested (1 January 2011: all the outstanding options in respect of an aggregate of 157,116,132 shares or 100%).

During the six months ended 30 June 2012:

- No new options were granted (2011: nil);
- No vested options were exercised (2011: nil);
- An outstanding option in respect of 3,500,000 shares at the exercise price of HK$1.152 per share lapsed upon termination of the employment of an employee (2011: nil); and
- No options were cancelled (2011: nil).

Accordingly, as at 30 June 2012, 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 150,366,132 ordinary shares (30 June 2011: 157,116,132 shares) at the exercise prices ranging from HK$0.266 to HK$1.152 per share, representing 4.31% (30 June 2011: 4.07%) of the Company's then issued ordinary share capital and 4.14% (30 June 2011: 3.91%) of the enlarged ordinary share capital. All the outstanding options in respect of an aggregate of 150,366,132 shares or 100% were vested (30 June 2011: all the outstanding options in respect of an aggregate of 157,116,132 shares or 100%). Exercise in full of the outstanding options would result in the issue of 150,366,132 additional ordinary shares for aggregate proceeds, before expenses, of HK$97,913,528 (approximately US$12,553,016).

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.

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 2012, outstanding and vested 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 2012 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, Options and Share Awards" 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: (i) James Mellon who is also the Non-Executive Co-Chairman of the Company and (ii) Jamie Gibson who is also an Executive Director and the Chief Executive Officer 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 2012, outstanding and vested options in respect of an aggregate of 52,266,132 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 22,024,000 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 4,104,000 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 2012, no new options were granted; no vested options were exercised; and no outstanding options were cancelled. An outstanding option granted on 2 October 2007 in respect of 3,500,000 shares at the exercise price of HK$1.152 per share lapsed on 15 March 2012 upon termination of the employment of an employee. Accordingly, as at 30 June 2012, there were outstanding options entitling the full-time employees of the Group (excluding the Directors of the Company) to subscribe, in stages, for an aggregate of 48,766,132 shares at the exercise prices ranging from HK$0.266 to HK$1.152 per share.

Subsequent to the period end date and prior to the date of this report, no new options were granted; no vested options were exercised; and no 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 2012 or prior to the date of this report.

iv. Suppliers of goods and services

As at 1 January 2012, outstanding and vested 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 2012 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 2012 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 2012		30 June 2011	
	Number	Weighted average exercise price (HK$)	Number	Weighted average exercise price (HK$)
Outstanding at 1 January	153,866,132	0.655	157,116,132	0.655
Forfeited	(3,500,000)	1.152	—	—
Exercised	—	—	—	—
Outstanding at 30 June	150,366,132	0.651	157,116,132	0.655

No share options were exercised during the six months ended 30 June 2012 and 2011. All remaining share options as at 30 June 2012 have been accounted for under HKFRS 2. The Group has granted the following outstanding share options and exercise prices:

	30 June 2012		30 June 2011	
Exercisable beginning in financial year	Number	Weighted average exercise price (HK$)	Number	Weighted average exercise price (HK$)
31 December 2010	150,366,132	0.651	157,116,132	0.655
Outstanding at 30 June	150,366,132	0.651	157,116,132	0.655

The weighted average remaining contractual life of the outstanding options as of 30 June 2012 is 4.31 years (2011: 5.32 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 2012 and 2011. 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, unless otherwise extented by the shareholders of the Company.

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 9.1) 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 2012, under the Long Term Incentive Plan 2007 there were outstanding units in respect of an aggregate of 236,700,000 ordinary shares (1 January 2011: 59,750,002 shares), which were to be vested to the respective eligible participants in accordance with their respective vesting schedules, representing 6.79% (1 January 2011: 1.53%) of the Company's then issued ordinary share capital, details of which are set out below:

1. Units (which were granted on 23 February 2011 to a number of eligible participants and to be vested in three equal tranches on the first, second and third anniversary dates of the date of grant) in respect of an aggregate of 16,700,000 shares; and

2. Units (which were granted on 1 November 2011 to a number of eligible participants and to be vested in full on the happening of the "trigger event" (as referred to in the offer letters dated 7 November 2011) or otherwise on 1 November 2014) in respect of an aggregate of 220,000,000 shares.

During the six months ended 30 June 2012:

- An aggregate of 5,566,665 shares (in respect of the outstanding units granted on 23 February 2011) were vested to the respective eligible participants on 23 February 2012 (2011: 15,208,331 shares);

- New units in respect of an aggregate 166,000,000 shares were granted on 3 April 2012 to a number of eligible participants, which are to be vested in three equal tranches on the first, second and third anniversary dates of the date of grant, providing that all the shares (then remaining outstanding) will be vested in full on the happening of the "trigger event" (as referred to in the offer letters dated 10 April 2012) (2011: units in respect of an aggregate of 16,700,000 shares);

- Three outstanding units in respect of 1,666,667 shares each and three outstanding units in respect of 4,000,000 shares each lapsed on 15 March 2012 upon termination of the employment of three employees (2011: units in respect of an aggregate of 7,000,000 shares upon resignation of two employees); and

- No outstanding units were cancelled (2011: nil).

Accordingly, as at 30 June 2012, under the Long Term Incentive Plan 2007 there were outstanding units in respect of an aggregate of 380,133,334 ordinary shares (30 June 2011: 54,241,671 shares), which were to be vested to the respective eligible participants in accordance with their respective vesting schedules, representing 10.91% (30 June 2011: 1.40%) of the Company's then issued ordinary share capital.

Subsequent to the period end date and prior to the date of this report, no new units were granted; and no outstanding units lapsed or were vested or cancelled.

ii. Acquisition of shares

As at 1 January 2012, an aggregate of 236,700,000 shares (1 January 2011: 59,750,002 shares) were held by the trustee appointed by the Company for the plan, which were acquired by the trustee from the market during previous periods and were to be vested to the respective eligible participants in accordance with their respective vesting schedules.

During the six months ended 30 June 2012:

- An aggregate of 5,566,665 shares (in respect of the outstanding units granted on 23 February 2011) were vested to the respective eligible participants on 23 February 2012 (2011: 15,208,331 shares); and
- An aggregate of 148,999,999 shares were acquired from the market during the period from 11 April to 15 June 2012 at a total consideration of HK$37,372,000 (approximately US$4,814,000) (2011: 16,700,000 shares).

Accordingly, as at 30 June 2012, an aggregate of 380,133,334 shares (30 June 2011: 61,241,671 shares) were held by the trustee, which were to be vested to the respective eligible participants in accordance with their respective vesting schedules.

Subsequent to the period end date and prior to the date of this report, no shares were vested to the eligible participants; and no further shares were acquired by the trustee from the market.

10. Derivative financial instruments

	(Unaudited) 30 June 2012		(Audited) 31 December 2011	
Total derivatives	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Foreign exchange traded futures and options	—	—	—	270
Equity, government notes and stock index futures and options	2,349	—	1,975	221
Total derivatives	2,349	—	1,975	491

At 30 June 2012, there were no outstanding forward, futures, options and Contract-for-Difference contracts (31 December 2011: US$85,269,000) 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 2012, the amount of these margin deposits was US$234,000 (31 December 2011: US$8,932,000).

11. Disposal of subsidiaries

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

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

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

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

12. Operating lease commitments

	(Unaudited) As at 30 June 2012 US$'000	(Audited) As at 31 December 2011 US$'000
At 30 June 2012 and 31 December 2011, the total future minimum lease payments under non-cancellable operating leases are payable as follows:		
Property:		
– within 1 year	840	838
– in the 2nd to 5th year, inclusive	892	1,305
	1,732	2,143
Equipment:		
– within 1 year	5	5
– in the 2nd to 5th year, inclusive	15	17
	20	22
	1,752	2,165

13. Capital commitments

The Group has no capital commitment as at 30 June 2012.

14. Contingent liabilities

The Group has no material contingent liabilities as at 30 June 2012.

15. Material related party transactions

The Group has no material related party transactions for the six months ended 30 June 2012 and 2011.

16. Events after the reporting date

(i) On 3 July 2012, the Company further acquired 58,399,603 new Venturex shares through or pursuant to an entitlements issue at the price of A$0.036 (or approximately US$0.037 or HK$0.289) per Venturex share, representing approximately 4.25% of the enlarged issued share capital of Venturex, for an aggregate amount of cash consideration of A$2,102,385 (or approximately US$2,152,422 or HK$16,788,892). The shares were allotted and issued to the Company on 10 July 2012.

On 2 August 2012, the Company announced that on 1 August 2012 it further acquired 66,000,000 Venturex shares on-market at the price of A$0.036 (or approximately US$0.037 or HK$0.289) per Venturex share, representing approximately 4.80% of the then issued share capital of Venturex, for an aggregate amount of cash consideration of A$2,360,000 (or approximately US$2,497,889 or HK$19,483,534).

(ii) On 16 July 2012, the Company announced that Jamie Gibson, the Chief Executive Officer of the Company, has been appointed to the Board of BCI as a Non-Executive Director with immediate effect. Following Jamie's appointment and in light of the Company's significant and strategic shareholding, the Company expects that it will equity account for its investment going forward whereby the Group's consolidated financial statements will reflect its share (currently 23.11%) of the net profit or loss of BCI.

Review and Prospects

Main Activities

The Group's principal activities during the period were:

- Production of coke and related by-products at West China Coking and Gas Company Limited ("**West China Coke**") chemical plant in Yunnan Province, China, a Sino-foreign joint venture of which the Group holds an indirect 25% interest
- Continuing to execute our stated strategy of divesting non-core assets and investments, culminating in the successful disposals of the Group's interests in the JRGL Coal Project and Polo, which generated a combined realised gain of US$3.40 million
- Further bolstering the Group's strategic interest in BCI to 23.11% as at 30 June 2012
- Evaluation of other exploration and business development opportunities in Australia, China, Indonesia and elsewhere

Financial Results

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

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

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

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

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

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

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

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

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

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

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

Review of Results and Operations

Divestments

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

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

West China Coke

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

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

Regent Markets

Regent Markets has reported turnover for the six months ended 30 June 2012 exceeding US$85.32 million, a 44.86% increase over the corresponding period in 2011. Net profit for the six months ended 30 June 2012 was US$2.28 million (2011: US$1.07 million). The company continues to lead the UK's fixed-odds financial betting sector and is consolidating this lead by laying emphasis on its website technology and client service.

BCI

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

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

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

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

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

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

Venturex

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

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

- Progression of the Project feasibility study with average forecast production of 27,000 tpa of copper equivalent with C1 operating costs of A$1.15/lb of payable copper equivalent. Project economics indicate a minimum project mine life of 7 years and payback period of 3 years. The Project feasibility study is to be delivered by the end of September 2012
- In April 2012, entered into an infrastructure sharing agreement with an adjacent iron ore producer in order to reduce the Project's capital requirements
- In May 2012, completed a capital raising of A$11 million to progress the feasibility study and exploration activities
- Through the period, continued with exploration activities on the Brazilian tenements which are prospective for gold
- Subsequent to the end of the period, on 13 July 2012, Venturex acquired fourteen additional tenements which are in close proximity to the Project's proposed 1 Mtpa ore processing facility. One of these tenements has a JORC compliant mineral resource estimate of 6.3Mt at 0.5% copper and 3.3% zinc within six kilometres of the planned ore processing facility making it a likely source of ore that will extend the life of the Project

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

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

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

TRINITY EXPLORATION & PRODUCTION LIMITED

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

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

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

Interim Dividend

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

Outlook

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

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

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

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

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

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

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. David Comba and Jamie Gibson, being Directors of Company, are representatives on the Chapter 18 Compliance Committee.

This 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. If there has been no exploration, development or production activity, that fact must be stated. 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, in respect of Rule 18.14, there were no relevant exploration, development, expenditure or production activities for the six months ended 30 June 2012.

During the six months ended 30 June 2012, the Group disposed of its interests in RC(BVI), which held a 51% interest in the JRGL Coal Project, which was successfully closed on 17 January 2012. Accordingly, Chapter 18 related disclosures have not been included in respect of this asset.

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

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

Revenue and Profit

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

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

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

The main elements of the loss are analysed as follows:

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

Financial Position

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

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

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

Strategic Plan

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

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

- transform into a diversified mid-tier mining house by divesting of non-core assets and investments to enable the Group to pursue growth opportunities (by acquiring and developing strategic 'economic' mining assets, of sufficient grade and scale, supported by infrastructure) covering our targeted commodities of choice (iron ore, copper, zinc, thermal and coking coal and gold);
- leverage off our expert international and local teams to tackle difficult markets, deliver results and achieve global recognition;
- actively fund and execute exploration plans with the view of adding to the Group's global resource base;

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

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

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

Funding

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

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

Gearing Ratio

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

Management of Risk

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

Charge on Assets

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

Financial Instruments

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

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

Contingent Liabilities

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

Changes Since 30 June 2012

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

Employees

The Group, including subsidiaries but excluding associates, employed approximately 24 employees at 30 June 2012. The remuneration policy is to reward key employees by a combination of salaries, profit related discretionary bonuses and share options and share awards, where appropriate. For employees below Board level, remuneration will be determined by the Director(s) responsible for the division whilst, for Directors, remuneration is determined by the Remuneration Committee of the Board. In all cases, profit related discretionary bonuses and grants of share rewards will be agreed by the Remuneration Committee of the Board. During the period and up to the date of this report, 166,000,000 share awards were granted to eligible participants.

Interim Dividend

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

UPDATES ON DIRECTORS' BIOGRAPHIES

The Directors' biographies have been updated by the following since the Company's last annual report published for the year ended 31 December 2011:

1. In view of their increased workload with the introduction of amendments to the HK Listing Rules relating to corporate governance, the director's fee payable by the Company to each of the Independent Non-Executive Directors, namely David Comba, Julie Oates and Mark Searle, has been increased from US$30,000 (approximately HK$234,000) to US$40,000 (approximately HK$312,000) per annum with effect from 1 January 2012.

2. A new advisory agreement was executed on 16 April 2012 between James Mellon and the Company, pursuant to which the advisory fee payable by the Company to Mr Mellon remains at US$157,500 (approximately HK$1,228,500) per annum but a new provision was added to specify that Mr Mellon's appointment as an adviser to the Company may be terminated by either party giving one year's written notice. [Note: Apart from this, pursuant to his letter of appointment with the Company for his position as Non-Executive Co-Chairman of the Board, Mr Mellon receives an annual director's fee of US$25,000 (approximately HK$195,000) from the Company, and his appointment may be terminated by either party giving 30 calendar days' notice.]

3. A new service agreement was executed on 4 May 2012 between Jamie Gibson and Regent Corporate Finance Limited, a wholly-owned subsidiary of the Company, pursuant to which: (i) the salary payable to Mr Gibson has been increased from US$1,000,000 (approximately HK$7,800,000) to US$1,500,000 (approximately HK$11,700,000) per annum; and (ii) the notice period for the termination of his appointment has been extended from 180 calendar days to one year, both with effect from 1 January 2012.

4. Upon disposal of RC(BVI) by the Company on 17 January 2012, Stephen Dattels ceased to receive an annual salary of GBP 120,000 (approximately US$190,000 or HK$1,482,000) from RC(BVI). Instead, the director's fee payable by the Company to Mr Dattels has been increased from US$25,000 (approximately HK$195,000) to US$50,000 (approximately HK$390,000) per annum with effect from 1 January 2012.

5. Jamie Gibson was appointed as a non-executive director of BCI on 16 July 2012, a company listed on the Australian Securities Exchange in which the Company holds a 23.11 per cent interest (as announced by the Company on 16 July 2012).

Note: For the purpose of illustration only, the above amounts denominated in GBP have been translated into US$ using the exchange rate of GBP 1.00 = US$1.583 and the above amounts denominated in US$ have been translated into HK$ using the exchange rate of US$1.00 = HK$7.80.

Directors' Interests in Securities, Options and Share Awards

As at 30 June 2012, 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	74,986,181	2.15%
	A	Beneficiary of a trust	Long position	375,821,134	10.78%
Stephen Dattels	B	Beneficiary of a trust	Long position	284,266,097	8.16%
Jamie Gibson		Beneficial owner	Long position	4,419,138	0.13%
David Comba		--	--	--	--
Julie Oates	C	Interests held jointly with another person	Long position	2,500,000	0.07%
Mark Searle		Beneficial owner	Long position	4,000,000	0.12%
	D	Beneficiary of a trust	Long position	1,000,000	0.03%
Jayne Sutcliffe		Beneficial owner	Long position	17,160,465	0.49%
	E	Beneficiary of a trust	Long position	27,965,226	0.80%

* 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) and the shares subject to unvested units under the Long Term Incentive Plan 2007 held by the Directors, which are disclosed in sub-paragraphs (B) and (C) below.

** The total issued ordinary share capital of the Company as at 30 June 2012 consisted of 3,485,730,523 shares. There were no changes in the Company's issued share capital subsequent to the period end date and prior to the date of this report.

B. Share Option Scheme (2002)

Please refer to note 9.1 to the Financial Statements as to the details of the Share Option Scheme (2002).

As at 30 June 2012, 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 of 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 2012 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), and none of the outstanding options lapsed or were exercised or cancelled.

Save for the above, during the six months ended 30 June 2012 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 lapsed or were granted or cancelled.

C. Long Term Incentive Plan 2007

Please refer to note 9.2 to the Financial Statements as to the details of the Long Term Incentive Plan 2007.

As at 30 June 2012, the following Directors of the Company had personal interests in share awards granted under the Long Term Incentive Plan 2007:

Name of Director	Date of grant	Total number of shares subject to the unit	Vesting date[1]	Number of shares to be vested
James Mellon	1 November 2011	50,000,000	Trigger event/ 1 November 2014[2]	50,000,000[2]
	3 April 2012	60,000,000	3 April 2013[3]	20,000,000[3]
			3 April 2014[3]	20,000,000[3]
			3 April 2015[3]	20,000,000[3]
Jamie Gibson	1 November 2011	100,000,000	Trigger event/ 1 November 2014[2]	100,000,000[2]
	3 April 2012	70,000,000	3 April 2013[3]	23,333,333[3]
			3 April 2014[3]	23,333,333[3]
			3 April 2015[3]	23,333,334[3]

(1) A grantee is not required to pay for the grant of any unit. Unless otherwise stated, the shares are to be vested in three equal tranches on the first, second and third anniversary dates of the date of grant at no cost.

(2) On 1 November 2011, units in respect of 50,000,000 shares and 100,000,000 shares were granted under the plan to James Mellon and Jamie Gibson respectively, which are to be vested in full on the happening of the "trigger event" (as referred to in the offer letters dated 7 November 2011) or otherwise on 1 November 2014.

(3) On 3 April 2012, units in respect of 60,000,000 shares and 70,000,000 shares were granted under the plan to James Mellon and Jamie Gibson respectively, which are to be vested in three equal tranches on the first, second and third anniversary dates of the date of grant, providing that all the shares (then remaining outstanding) will be vested in full on the happening of the "trigger event" (as referred to in the offer letters dated 10 April 2012).

During the six months ended 30 June 2012, new units in respect of an aggregate of 130,000,000 shares were granted on 3 April 2012 to the Directors of the Company (as referred to above), which are to be vested in three equal tranches on the first, second and third anniversary dates of the date of grant, providing that all the shares (then remaining outstanding) will be vested in full on the happening of the "trigger event" (as referred to in the offer letters dated 10 April 2012). No outstanding units lapsed or were vested or cancelled.

Subsequent to the period end date and prior to the date of this report, no new units were granted to the Directors of the Company under the Long Term Incentive Plan 2007, and no outstanding units lapsed or were vested or cancelled.

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 375,821,134 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 an investment company wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary 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 2012 and as at the date of this report, none of the Directors (or their associates) had/has 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/are deemed or taken to have under such provisions of the SFO) or pursuant to the Model Code.

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

Substantial Shareholders

The Directors are not aware of any persons (other than James Mellon, Stephen Dattels and Jamie Gibson, whose interests are set out in detail under the section headed "Directors' Interests in Securities, Options and Share Awards"), who, as at 30 June 2012 or as at the date of this report, had/has beneficial interests or 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 which they were/are deemed or taken to have under such provisions of the SFO).

The Code on Corporate Governance Practices and the Corporate Governance Code

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

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

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

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

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

The Code for Securities Transactions by Directors and Employees

In compliance of Code Provision A.5.4 of the Code on CG Practices, which was re-stated as Code Provision A.6.4 of the CG Code with effect from 1 April 2012, 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 during the six months ended 30 June 2012 and prior to the date of this report.

Directors' interests in securities, options and share awards of the Company are set out in detail under the section headed "Directors' Interests in Securities, Options and Share Awards" in this report.

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

Independent Non-Executive Directors

In compliance of Rules 3.10(1) and 3.10A 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. Among 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, nomination committee and remuneration committee of the Company, while Julie Oates is the Chairlady of the first two committees and Mark Searle is the Chairman of the remuneration committee. And, David Comba is a member of the technical committee of the Company.

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

Review by the Audit Committee

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

The Audit Committee was established on 11 March 1999 with its specific written terms of reference which deal with its authority and duties. The terms of reference were subsequently amended in order to incorporate the amendments made from time to time to the code provisions in C.3 of the Code on CG Practices and were recently amended on 13 March 2012 in order to comply with the relevant code provisions in the CG Code which was designated to take effect on 1 April 2012. The committee's purpose is to assist the Board in providing an independent review of the effectiveness of the financial reporting process and the internal control and risk management systems of the Company, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

In compliance of Rule 3.21 of the HK Listing Rules, the Audit Committee currently comprises the Non-Executive Co-Chairman of the Board (James Mellon) and two Independent Non-Executive Directors, namely Julie Oates and Mark Searle. The committee is chaired by Julie Oates, who has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2).

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

Terms of reference of the Audit Committee are available at the websites of the Company (www.regentpac.com) and the HK Stock Exchange (www.hkexnews.hk).

Internal Control

Pursuant to Code Provision C.2.1 of the Code on CG Practices and later the CG Code, the Audit Committee has engaged an independent professional firm to undertake a review of the Group's internal control systems, including its financial, operational and compliance functions. During the six months ended 30 June 2012, the internal audit function conducted reviews of the internal controls of prioritised processes and risk assessment performed by the Group. Observations and recommendations were well communicated with management such that risk mitigation plans were developed and executed by management to address the issues identified. Key findings were reported to and reviewed by the Audit Committee on a timely basis.

Connected Transactions Committee

The Company established a connected transactions committee (the "**Connected Transactions Committee**") on 20 October 2008 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 specific written terms of reference which deal with its authority and duties first adopted on 18 March 2005 in compliance of the code provisions in B.1 of the Code on CG Practices. The terms of reference were recently amended on 13 March 2012 in order to comply with the relevant code provisions in the CG Code which was designated to take effect on 1 April 2012. In compliance with Rule 3.25 of the HK Listing Rules, the 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, and is responsible to review and approve the remuneration packages of the Directors and the employees. The committee is chaired by Mark Searle.

Terms of reference of the Remuneration Committee are available at the websites of the Company (www.regentpac.com) and the HK Stock Exchange (www.hkexnews.hk).

Nomination Committee

The nomination committee of the Company (the "**Nomination Committee**") was established on 13 March 2012, with its specific written terms of reference which deal with its authority and duties, in compliance with the relevant code provisions in the CG Code which was designated to take effect on 1 April 2012. In compliance with Code Provision A.5.1 of the CG Code, the 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, and is responsible for the nomination of Directors of the Company and the review of the composition of the Board. The committee is chaired by James Mellon.

Terms of reference of the Nomination Committee are available at the websites of the Company (www.regentpac.com) and the HK Stock Exchange (www.hkexnews.hk).

Purchase, Sale and Redemption of Listed Securities

1. Under the repurchase mandates

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

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

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

2. For the Long Term Incentive Plan 2007

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

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