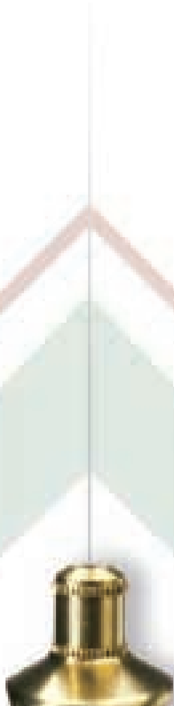
Regent Pacific Group Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 575)



2009
INTERIM REPORT

HIGHLIGHTS

The results for the first half of the current financial year highlight a number of accomplishments, including the welcome return to profitability and the lowering of costs of the Group, which have further strengthened the Group's already strong balance sheet. Certain of these accomplishments include:

- the return to profitability with corporate income over US$8.2 million, total comprehensive income of US$10.5 million and net earnings of US$3.7 million
- an interim dividend of HK$0.005 per share
- further strengthening of the Group's balance sheet with cash, listed investments and receivables of US$88 million and no debt
- a first half earnings contribution by Dapingzhang of US$4.1 million
- the restart of mining in March and the production in April of separate copper and zinc concentrates at Dapingzhang
- a commitment at Dapingzhang to increase production by over 75% from April 2010 (long-lead-time items have been purchased or committed to)
- the acquisition of strategic stakes in Polo Resources Limited, Kalahari Minerals plc, Bannerman Resources Limited and BC Iron Limited, giving the Group welcome exposure to uranium and iron ore

Results

The directors (the "**Directors**" or the "**Board**") of Regent Pacific Group Limited (the "**Company**" or "**Regent**" and collectively with its subsidiaries, the "**Group**") are pleased to announce the unaudited results of the Group for the six months ended 30 June 2009, together with comparative figures for the six months ended 30 June 2008, as follows:

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2009

		(Unaudited) For the six months ended	
		30 June 2009	**30 June 2008**
	Notes	*US$'000*	*US$'000*
Revenue/Turnover:	3		
Corporate investment income		826	2,132
Other income		538	1,490
Fair value gain/(loss)		6,842	(821)
Total income		8,206	2,801
Expenses:			
Employee benefit expenses		(4,863)	(4,690)
Rental and office expenses		(304)	(327)
Information and technology expenses		(193)	(201)
Marketing costs and commissions		(4)	(9)
Professional fees		(2,637)	(2,869)
Finance costs	5	(169)	(279)
Other operating expenses		(611)	(1,126)
Operating loss	4	(575)	(6,700)
Share of profits of associates		143	2,331
Share of profit of a jointly controlled entity		4,098	8,086
Profit before taxation		3,666	3,717
Taxation	6	—	—
Profit for the period		**3,666**	**3,717**

	Notes	(Unaudited) For the six months ended 30 June 2009 US$'000	30 June 2008 US$'000
Other comprehensive income, including reclassification adjustments			
Available-for-sale financial assets		6,996	—
Exchange loss on translation of financial statements of foreign operations		(111)	(163)
Share of other comprehensive income of associates		7	909
Share of other comprehensive income of a jointly controlled entity		(11)	2,179
Other comprehensive income for the period, including reclassification adjustment and net of tax		6,881	2,925
Total comprehensive income for the period		**10,547**	**6,642**

	Notes	(Unaudited) For the six months ended 30 June 2009 US$'000	30 June 2008 US$'000
Profit for the period attributable to:			
Owners of the Company		3,726	4,008
Minority interests		(60)	(291)
		3,666	3,717
Total comprehensive income attributable to:			
Owners of the Company		10,592	7,044
Minority interests		(45)	(402)
		10,547	6,642
Earnings per share for profit attributable to the owners of the Company during the period (US cent):	8		
–Basic		0.09	0.09
–Diluted		N/A	0.09

Consolidated Statement of Financial Position

As at 30 June 2009

	Notes	(Unaudited) As at 30 June 2009 US$'000	(Audited) As at 31 December 2008 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill		52,137	52,137
Exploration and evaluation assets		32,174	31,391
Property, plant and equipment		1,091	1,195
Interests in associates		17,197	17,363
Interest in a jointly controlled entity		31,898	34,295
Available-for-sale financial assets		26,544	7,386
		161,041	143,767
Current assets			
Cash and bank balances		18,707	57,399
Financial assets at fair value through profit and loss		17,252	—
Trade receivables	9	43	51
Loan receivables		4,038	2,888
Prepayments, deposits and other receivables		29,572	19,569
Derivative financial instruments	12	201	—
		69,813	79,907
Current liabilities			
Trade payables, accruals and other payables	10	(2,805)	(2,508)
Amounts due to minority shareholders		(43)	(38)
Deferred tax liability		(324)	(324)
Borrowings		(27)	(27)
		(3,199)	(2,897)

	Notes	(Unaudited) As at 30 June 2009 US$'000	(Audited) As at 31 December 2008 US$'000
Net current assets		66,614	77,010
Total assets less current liabilities		227,655	220,777
Non-current liability			
Borrowings		(22)	(5,257)
Net assets		227,633	215,520
EQUITY			
Equity attributable to the Company's owners			
Share capital	11	39,486	38,948
Reserves		185,716	174,096
		225,202	213,044
Minority interests		2,431	2,476
Total equity		227,633	215,520

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2009

	(Unaudited) For the six months ended 30 June 2009 US$'000	30 June 2008 US$'000
Net cash used in operating activities	(8,122)	(30,771)
Net cash used in investing activities	(25,431)	(10,622)
Net cash used in financing activities	(5,139)	(1,256)
Net decrease in cash and cash equivalents	(38,692)	(42,649)
Cash and cash equivalents at the beginning of the period	57,399	138,081
Cash and cash equivalents at the end of the period	18,707	95,432
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	18,707	95,432

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to owners of the Company												
2009	Share capital US$'000	Accumulated losses US$'000	Share premium US$'000	Share-based payment reserve US$'000	Preference shares reserve US$'000	Capital redemption reserve US$'000	Investment revaluation reserve US$'000	Statutory* reserve US$'000	Share held for share award scheme US$'000	Foreign currency exchange reserve US$'000	Total US$'000	Minority interests US$'000	Total equity US$'000
At 1 January 2009	38,948	(218,318)	374,933	3,671	140	7,851	453	177	–	5,189	213,044	2,476	215,520
Conversion of redeemable convertible preference shares	538	–	1,428	–	(51)	–	–	–	–	–	1,915	–	1,915
Repurchase of redeemable convertible preference shares	–	–	–	–	(89)	–	–	–	–	–	(89)	–	(89)
Share purchased for share award scheme	–	–	(16)	–	–	–	–	–	(456)	–	(472)	–	(472)
Share-based payment	–	–	–	212	–	–	–	–	–	–	212	–	212
Transactions with owners	538	–	1,412	212	(140)	–	–	–	(456)	–	1,566	–	1,566
Profit for the period	–	3,726	–	–	–	–	–	–	–	–	3,726	(60)	3,666
Other comprehensive income													
Foreign currency translation adjustment	–	–	–	–	–	–	–	–	–	(126)	(126)	15	(111)
Share of reserve of a jointly controlled entity	–	–	–	–	–	–	–	–	–	(11)	(11)	–	(11)
Share of reserve of associates	–	–	–	–	–	–	–	–	–	7	7	–	7
Unrealised gain in available-for-sale financial assets	–	–	–	–	–	–	6,996	–	–	–	6,996	–	6,996
Total comprehensive income for the period	–	3,726	–	–	–	–	6,996	–	–	(130)	10,592	(45)	10,547
At 30 June 2009	39,486	(214,592)	376,345	3,883	–	7,851	7,449	177	(456)	5,059	225,202	2,431	227,633

* 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 2008

	Attributable to owners of the Company											
2008	**Share capital** US$'000	**Accumulated losses** US$'000	**Share premium** US$'000	**Share-based payment reserve** US$'000	**Convertible bonds reserve** US$'000	**Preference shares reserve** US$'000	**Capital redemption reserve** US$'000	**Investment revaluation reserve** US$'000	**Foreign currency exchange reserve** US$'000	**Total** US$'000	**Minority interests** US$'000	**Total equity** US$'000
At 1 January 2008	42,902	(50,728)	385,804	1,742	25	140	1,204	453	2,880	384,422	271	384,693
Exercise of share options	8	–	31	(8)	–	–	–	–	–	31	–	31
Capital injection from minority interests	–	–	–	–	–	–	–	–	–	–	3,000	3,000
Share repurchase	(418)	–	(3,622)	–	–	–	–	–	–	(4,040)	–	(4,040)
Conversion of convertible bonds	2,685	–	5,931	–	(25)	–	–	–	–	8,591	–	8,591
Share-based payment	–	–	–	13	–	–	–	–	–	13	–	13
Share of reserve of an associate	–	–	–	1,160	–	–	–	–	–	1,160	–	1,160
Transactions with owners	2,275	–	2,340	1,165	(25)	–	–	–	–	5,755	3,000	8,755
Profit for the period	–	4,008	–	–	–	–	–	–	–	4,008	(291)	3,717
Other comprehensive income												
Foreign currency translation adjustment	–	–	–	–	–	–	–	–	(52)	(52)	(111)	(163)
Share of reserve of a jointly controlled entity	–	–	–	–	–	–	–	–	2,179	2,179	–	2,179
Share of reserve of associates	–	–	–	–	–	–	–	–	909	909	–	909
Total comprehensive income for the period	–	4,008	–	–	–	–	–	–	3,036	7,044	(402)	6,642
At 30 June 2008	45,177	(46,720)	388,144	2,907	–	140	1,204	453	5,916	397,221	2,869	400,090

Notes to the Interim Financial Report

For the six months ended 30 June 2009

1. General information and basis of preparation

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

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

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

The accounting policies used in the preparation of the interim financial report are consistent with those used in the annual financial statements for the year ended 31 December 2008, 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 2008.

2. Adoption of new or revised HKFRSs

In the current period, the Group has applied for the first time the following new and revised HKFRSs issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual financial period beginning on 1 January 2009.

HKAS 1 (Revised 2007)	Presentation of financial statements
HKAS 23 (Revised)	Borrowing costs
HKFRS 1 and HKAS 27 (Amendment)	Cost of an investment in a subsidiary, jointly controlled entity or an associate
HKFRS 2 (Amendment)	Share-based payment: vesting conditions and cancellations
HKFRS 8	Operating segments
HK(IFRIC) Interpretation 9 and HKAS 39 (Amendments)	Embedded derivatives
Various	Annual improvements to HKFRSs 2008

Other than as noted below, the adoption of these new and revised HKFRSs did not change the Group's accounting policies as followed in the preparation of the Group's annual financial statements for the year ended 31 December 2008.

HKAS 1 (Revised 2007) - Presentation of financial statements

The adoption of HKAS 1 (Revised 2007) makes certain changes to the format and titles of the primary financial statements and to the presentation of some items within these statements. It also gives rise to additional disclosures. The measurement and recognition of the Group's assets, liabilities, income and expenses is unchanged. However, some items that were recognised directly in equity are now recognised in other comprehensive income. HKAS 1 affects the presentation of owner changes in equity and introduces a "Statement of comprehensive income". Comparatives have been restated to conform with the revised standard.

HKAS 27 (Amendments) - Cost of an investment in a subsidiary

The amendment requires the investor to recognise dividends from a subsidiary, jointly controlled entity or associate in profit or loss irrespective of whether the distributions relate to the investee's pre-acquisition or post-acquisition reserves. In prior years, the Company recognised dividends out of pre-acquisition reserves as a recovery of its investment in the subsidiaries (i.e. a reduction of the cost of investment). Only dividends out of post-acquisition reserves were recognised as income in profit or loss.

Under the new accounting policy, if the dividend distribution is excessive, the investment would be tested for impairment according to the Company's accounting policy on impairment of non-financial assets.

For the current interim period, the Company did not receive any dividends from its subsidiaries. The new accounting policy has been applied prospectively as required by the amendments to HKAS 27, and therefore no comparatives have been restated.

HKFRS 8 - Operating segments

The adoption of HKFRS 8 has not affected the identified and reportable operating segments for the Group. However, reported segment information is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker. In the previous annual financial statements, segments were identified by reference to the dominant source and nature of the Group's risks and returns.

ANNUAL IMPROVEMENTS TO HKFRSS 2008

In October 2008, the HKICPA issued its first annual improvements to HKFRSs which set out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. Of these, the amendment to HKAS 28 "Investments in associates" has changed the Group's accounting policies on allocation of impairment losses but did not have any impact on the current interim period results and financial position.

Impairment of investments in associates and jointly controlled entities accounted for under the equity method

The amendment clarifies that an investment in an associate accounted for under the equity method is a single asset for impairment testing purpose. Any impairment loss recognised by the investor after applying the equity method is not allocated to individual assets including goodwill included in the investment balance. Accordingly, any reversal of such impairment loss in subsequent period is recognised to the extent that the recoverable amount of the associate increases.

In prior year, the Group allocated the impairment loss initially to the goodwill included in the investment balance. According to the Group's accounting policies on goodwill, no reversal of impairment loss credited to the carrying amount of goodwill would be recognised in subsequent periods.

The new policy also applies to the Group's investment in the jointly controlled entity which is equity accounted for in the consolidated statement of financial position.

For the current interim period, there was no impairment loss on investments in associates and jointly controlled entities, and therefore the adoption of this new accounting policy had no impact on the financial statements in this interim period. The new accounting policy has been applied prospectively as permitted by the amendment and no comparatives have been restated.

3. Segment information

On adoption of HKFRS 8 "Operating segments", the Group has identified its operating segments and prepared segment information based on the regular internal financial information reported to the Group's executive directors for their decisions about resources allocation to the Group's business components and review of these components' performance. The business components in the internal reporting to the executive directors are determined following the Group's major product and service lines.

The Group has identified the following reportable segments.

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

Each of these reportable segments is managed separately as each of these product and service lines requires different resources as well as marketing approaches. The adoption of HKFRS 8 has not changed the identified operating segments for the Group compared to 2008 annual financial statements.

Under HKFRS 8, reported segment information is based on internal management reporting information that is regularly reviewed by the executive directors. The executive directors assess segment profit or loss using a measure of operating profit. The measurement policies the Group uses for segment reporting under HKFRS 8 are the same as those used in its HKFRS financial statements.

There are no sales between the reportable segments.

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

For the six months ended 30 June 2009

	(Unaudited)					
	Coal mining	**Coking coal**	**Metals mining**	**Corporate investment**	**Unallocated**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Revenue from external customers	—	—	—	826	—	826
Segment results	(1,480)	(9)	(2,839)	3,384	538	(406)
Finance costs						(169)
Operating loss						(575)
Share of profits of associates						143
Share of profit of a jointly controlled entity						4,098
Taxation						—
Profit for the period						3,666

For the six months ended 30 June 2008

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

	Coal mining	Coking coal	Metals mining	Corporate investment	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Segment assets					
- As at 30 June 2009 (unaudited)	80,334	5,228	16,591	53,062	155,215
- As at 31 December 2008 (audited)	80,936	4,908	9,507	69,279	164,630

4. Operating loss

	(Unaudited) For the six months ended 30 June 2009	30 June 2008
	US$'000	*US$'000*
Operating loss is arrived at after charging:		
Auditors' remuneration	82	59
Depreciation on owned property, plant and equipment	143	114
Amortisation on exploration and evaluation assets	—	2
Operating lease rental on property and equipment	258	247
Share-based payment (equity and cash settled)	939	1,160
Loss on disposal of property, plant and equipment	—	6
Unrealised loss on financial assets at fair value through profit and loss	—	1,513
and crediting:		
Interest income on bank deposits and loan receivable	192	1,593
Net foreign exchange gain	271	310
Dividend income from available-for-sale financial assets	463	108
Dividend income from financial assets at fair value through profit and loss	—	121
Unrealised gain on derivative financial instruments	201	39
Unrealised gain on financial assets at fair value through profit and loss	3,311	—
Realised gain on disposal of derivative financial instruments	2,283	38
Realised gain on disposal of financial assets at fair value through profit and loss	62	615
Realised gain on disposal of available-for-sale financial assets	985	—

5. Finance costs

	(Unaudited) For the six months ended 30 June 2009 US$'000	30 June 2008 US$'000
Interest on hire purchase	2	—
Interest on redeemable convertible preference shares	167	279
	169	279

6. Taxation

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

Share of associates' and a jointly controlled entity's taxation for the six months ended 30 June 2009 of US$4,000 (2008: US$108,000) and US$582,000 (2008: US$826,000) are included in the consolidated statement of comprehensive income as share of profits of associates and share of profit of a jointly controlled entity respectively.

7. Dividend

Dividend attributable to the interim period:

	(Unaudited) For the six months ended 30 June 2009 US$'000	30 June 2008 US$'000
Proposed interim dividend of HK$0.005 per share (2008: nil)	2,547	—

The interim dividend is declared and paid after the reporting date and has not been recognised as a liability at the reporting date.

8. Earnings per share

The calculation of basic earnings per share is based on the profit attributable to owners of the Company of US$3,726,000 (2008: US$4,008,000) and the weighted average number of ordinary shares of 3,940,368,938 (2008: 4,438,157,714) in issue during the period.

Diluted earnings per share for the six months ended 30 June 2009 was not presented because the impact of the exercise of the Company's outstanding share options was anti-dilutive.

The calculation of diluted earnings per share for the six months ended 30 June 2008 was based on the profit attributable to owners of the Company of US$4,008,000 and the weighted average of 4,567,266,960 ordinary shares outstanding during the period, adjusted for the effects of all dilutive potential shares. The weighted average number of ordinary shares used in the calculation of diluted earnings per share was calculated based on the weighted average of 4,438,157,714 ordinary shares in issue during the period plus the weighted average of 21,907,425 and 107,201,821 ordinary shares deemed to be issued at no consideration as if all the Company's share options and convertible bonds had been exercised and converted, respectively.

9. Trade receivables

At 30 June 2009 and 31 December 2008, the ageing analysis of trade receivables was as follows:

	(Unaudited) As at 30 June 2009 *US$'000*	**(Audited) As at 31 December 2008** *US$'000*
1 to 3 months old	—	8
More than 3 months old but less than 12 months old	43	43
	43	51

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

10. Trade payables, accruals and other payables

At 30 June 2009 and 31 December 2008, the ageing analysis of trade payables was as follows:

	(Unaudited) As at 30 June 2009 *US$'000*	(Audited) As at 31 December 2008 *US$'000*
Due within 1 month or on demand	—	663
More than 6 months	115	95
Trade payables	115	758
Accruals and other payables	2,690	1,750
	2,805	2,508

Included in trade payables were those payables placed in trust accounts amounting to US$29,000 as at 30 June 2009 (31 December 2008: US$29,000).

11. 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 2009 and 31 December 2008	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 2008	4,290,221,112	42,902
Employee share option scheme - exercise of share options	836,000	8
Share repurchases	(664,656,000)	(6,647)
Conversion of convertible bonds	268,496,307	2,685
At 31 December 2008	3,894,897,419	38,948
Conversion of redeemable convertible preference shares	53,793,104	538
At 30 June 2009	3,948,690,523	39,486

* *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 2009, the total issued ordinary share capital of the Company consisted of 3,894,897,419 shares. As noted above, during the six months ended 30 June 2009, an aggregate of 53,793,104 new ordinary shares were issued and allotted upon conversion of 2,000 Redeemable Convertible Preference Shares (as referred to in note 11.1), being at a conversion price of HK$0.290 per share. Accordingly, as at the date of this report, the total issued ordinary share capital of the Company consists of 3,948,690,523 shares.

Subsequent to the period end date 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. Redeemable Convertible Preference Shares

On 11 October 2006, the Company entered into a subscription agreement (the "**Subscription Agreement**") with (i) Libra Fund LP; (ii) Libra Offshore Limited; (iii) MLP Investments (Caymans), Ltd; and (iv) certain Directors of the Company, namely James Mellon, Jayne Sutcliffe, Anderson Whamond, Jamie Gibson, Mark Searle, Julie Oates and David Comba (collectively the "**Purchasers**") relating to the issue by the Company of, and the subscription by the Purchasers for, 6,250 8.5% dividend bearing non-voting redeemable convertible preference shares ("**Redeemable Convertible Preference Share(s)**" or "**RCPS(s)**") at US$1,000 per share in cash, in order to raise US$6.25 million (approximately HK$48.75 million) (the "**RPCS Placing**"). The Redeemable Convertible Preference Shares may give rise to the issue, in aggregate, of 168,103,449 ordinary shares on conversion at a conversion price of HK$0.290 per share. The RCPS Placing was approved by the independent and disinterested shareholders of the Company at the extraordinary general meeting held on 23 November 2006 under the requirement of the HK Listing Rules.

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

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

As at 1 January 2009, there were 5,500 Redeemable Convertible Preference Shares outstanding, which might be convertible into 147,931,035 ordinary shares. During the six months ended 30 June 2009 and before 9 April 2009, 2,000 Redeemable Convertible Preference Shares were converted into 53,793,104 new ordinary shares. Following such conversion, there were 3,500 Redeemable Convertible Preference Shares outstanding, which might be convertible into 94,137,931 ordinary shares.

On 9 April 2009, in accordance with the Terms and Conditions, the Company made an offer (the "**Offers**") to each of the holders of the 3,500 issued and outstanding Redeemable Convertible Preference Shares, namely James Mellon, David Comba, Julie Oates, Mark Searle, Jayne Sutcliffe and Anderson Whamond, to repurchase (the "**RCPS Repurchase**") all their Redeemable Convertible Preference Shares at their subscription price of US$1,000 in cash for each RCPS, comprising the par value of US$0.01 and a premium of US$999.99, for an aggregate amount of US$3.5 million (or approximately HK$27.3 million) in cash. Valid acceptances (satisfactory to the Company) were duly received in respect of all the issued and outstanding 3,500 Redeemable Convertible Preference Shares before the close of the Offers on 16 April 2009.

The RCPS Repurchase was approved by the independent and disinterested shareholders of the Company at the extraordinary general meeting held on 12 June 2009 under the requirement of the HK Listing Rules, and was completed on 25 June 2009 when all issued and outstanding 3,500 Redeemable Convertible Preference Shares were repurchased and cancelled.

2. 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 11.3) on 8 December 2007, no further options under the Share Option Scheme (2002) will be granted.

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

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

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

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

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

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

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

As at 1 January 2009, 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 210,616,132 (1 January 2008: 228,962,132) ordinary shares at the exercise prices ranging from HK$0.266 to HK$1.152 per share, representing 5.41% (1 January 2008: 5.34%) of the Company's then issued ordinary share capital and 5.13% (1 January 2008: 5.07%) of the enlarged ordinary share capital. Amongst the outstanding options, options in respect of an aggregate of 105,107,364 shares or 49.90% were vested (1 January 2008: options in respect of an aggregate of 37,290,660 shares or 16.29%).

During the six months ended 30 June 2009:

- No new options were granted (2008: nil);
- No vested options were exercised (2008: vested options in respect of an aggregate of 836,000 shares were exercised);
- An option in respect of 4,000,000 shares and an option in respect of 12,000,000 shares at the exercise price of HK$0.325 per share and HK$0.780 per share lapsed upon resignation of an employee and a Director respectively (2008: options in respect of 2,340,000 shares lapsed upon resignation of the employees); and
- An option in respect of 16,500,000 shares at the exercise price of HK$1.152 per share was cancelled upon termination of the services of a consultant (2008: nil).

Accordingly, as at 30 June 2009, 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 178,116,132 (30 June 2008: 225,786,132) ordinary shares at the exercise prices ranging from HK$0.266 to HK$1.152 per share, representing 4.51% (30 June 2008: 5.00%) of the Company's then issued ordinary share capital and 4.32% (30 June 2008: 4.76%) of the enlarged ordinary share capital. Amongst the outstanding options, options in respect of an aggregate of 125,924,035 shares or 70.70% were vested (30 June 2008: options in respect of an aggregate of 73,764,659 shares or 32.67%). Exercise in full of the outstanding options would result in the issue of 178,116,132 additional ordinary shares for aggregate proceeds, before expenses, of HK$115,353,278 (approximately US$14,788,882).

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

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

i. Directors, Chief Executive and substantial shareholders

As at 1 January 2009, outstanding options in respect of an aggregate of 120,600,000 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. Options, which were granted on 4 April 2006, entitling the Chief Executive Officer and an executive Director to subscribe, in stages, for an aggregate of 53,600,000 ordinary shares at the exercise price of HK$0.300 per share;

3. An option, which was granted on 14 December 2006, entitling the aforesaid executive Director to subscribe, in stages, for 6,000,000 ordinary shares at the exercise price of HK$0.325 per share;

4. An option, which was granted on 15 May 2007, entitling a non-executive Director to subscribe, in stages, for 12,000,000 ordinary shares at the exercise price of HK$0.780 per share; and

5. Options, which were granted on 2 October 2007, entitling the Non-Executive Co-Chairman (James Mellon), the Chief Executive Officer, the aforesaid executive Director and an independent non-executive Director to subscribe, in stages, for an aggregate of 38,000,000 ordinary shares at the exercise price of HK$1.152 per share.

During the six months ended 30 June 2009, no new options were granted, no vested options were exercised, and no options were cancelled. The option granted on 15 May 2007 in respect of 12,000,000 shares at the exercise price of HK$0.780 per share lapsed on 8 April 2009 upon resignation of the non-executive Director. Accordingly, as at 30 June 2009, there were outstanding options entitling the Chief Executive Officer (also an Executive Director) and other Directors to subscribe, in stages, for an aggregate of 108,600,000 ordinary shares at the exercise prices ranging from HK$0.266 to HK$1.152 per share.

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

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

No options were granted to or held by any substantial shareholder of the Company (other than James Mellon who is also the Non-Executive Co-Chairman of the Company), as referred to in the section headed “Substantial Shareholders” in this report, or their respective associates, at any time during the period or prior to the date of this report.

ii. Full-time employees

As at 1 January 2009, outstanding options in respect of an aggregate of 59,516,132 shares were held by the full-time employees of the Group (excluding the Directors of the Company), details of which are set out below:

1. An option, which was granted on 9 September 2004, entitling a full-time employee of the Group to subscribe, in stages, for an aggregate of 100,000 ordinary shares at the exercise price of HK$0.266 per share;

2. Options, which were granted on 4 April 2006, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 24,524,000 ordinary shares at the exercise price of HK$0.300 per share;

3. Options, which were granted on 14 December 2006, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 8,854,000 ordinary shares at the exercise price of HK$0.325 per share; and

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

During the six months ended 30 June 2009, no new options were granted, no vested options were exercised, and no options were cancelled. An option in respect of 4,000,000 shares at the exercise price of HK$0.325 per share (granted on 14 December 2006) lapsed on 10 March 2009 upon resignation of a full-time employee of the Group. Accordingly, as at 30 June 2009, 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 55,516,132 ordinary shares at the exercise prices ranging from HK$0.266 to HK$1.152 per share.

Subsequent to the period end date, no new options were granted, no vested options were exercised and, no options 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 2009 or prior to the date of this report.

iv. Suppliers of goods and services

As at 1 January 2009, outstanding options in respect of an aggregate of 30,500,000 shares were held by the service providers, details of which are set out below:

1. An option, which was granted on 2 October 2007, entitling a service provider to subscribe, in stages, for 16,500,000 ordinary shares at the exercise price of HK$1.152 per share;

2. An option, which was granted on 15 May 2007, entitling a consultant (a former 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

3. An option, which was granted on 2 October 2007, entitling a consultant (a former 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 2009, no new options were granted, no vested options were exercised, and no options lapsed. The option granted on 2 October 2007 in respect of 16,500,000 shares at the exercise price of HK$1.152 per share was cancelled upon termination of the services of the consultant. Accordingly, as at 30 June 2009, there were outstanding options entitling the service providers to subscribe, in stages, for an aggregate of 14,000,000 ordinary shares at the exercise prices ranging from HK$0.780 to HK$1.152 per share.

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

v. *Other participants*

No options were granted to or held by participants other than those referred to in sub-paragraphs (i) to (iv) above at any time during the six months ended 30 June 2009 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 2009		30 June 2008	
	Number	**Weighted average exercise price HK$**	**Number**	**Weighted average exercise price HK$**
Outstanding at 1 January	210,616,132	0.689	228,962,132	0.701
Forfeited	—	—	(340,000)	0.300
Forfeited	(4,000,000)	0.325	—	—
Forfeited	(12,000,000)	0.780	(2,000,000)	0.780
Cancelled	(16,500,000)	1.152	—	—
Exercised	—	—	(836,000)	0.300
Outstanding at 30 June	178,116,132	0.648	225,786,132	0.703

No share options were exercised during the six months ended 30 June 2009. The weighted average market price of the shares at the date of exercise of options for the six months ended 30 June 2008 was HK$0.812. All remaining share options as at 30 June 2009 have been accounted for under HKFRS 2. The Group has granted the following outstanding share options and exercise prices:

	30 June 2009		30 June 2008	
Exercisable beginning in financial year	**Number**	**Weighted average exercise price HK$**	**Number**	**Weighted average exercise price HK$**
-31 December 2008	92,940,698	0.520	111,610,694	0.570
-31 December 2009	59,162,716	0.651	75,162,719	0.705
-31 December 2010	26,012,718	1.095	39,012,719	1.076
Outstanding at 30 June	178,116,132	0.648	225,786,132	0.703

The weighted average remaining contractual life of the outstanding options as of 30 June 2009 is 7.34 years (2008: 8.48 years).

In total, US$464,000 of share-based payment of share options has been included in the consolidated statement of comprehensive income for the six months ended 30 June 2009 (2008: US$1,160,000). No liabilities were recognised due to share-based payment transactions.

3. Long Term Incentive Plan 2007

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

The establishment and 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 11.2) will be granted.

Pursuant to the rules of the plan, the Board shall nominate eligible participants (being employees (including executive Directors) and non-executive Directors of the Company or any of its 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 right to acquire shares subject to such conditions (if any) as the remuneration committee of the Company (the "**Remuneration Committee**") may direct on their vesting. A grantee is not required to pay for the grant of any unit.

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

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

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

Since the adoption of the plan and before 7 January 2009, no shares were acquired and no units were granted under the plan.

On 7 January 2009, units in respect of an aggregate of 150,125,000 shares were granted under the plan to a number of eligible participants. The shares will be vested in three equal tranches on the first, second and third anniversary dates of the date of grant, except Jamie Gibson and Clara Cheung who received their entitlements on 7 January 2009 in the full cash equivalents of HK$15,543,000 (approximately US$1,992,692) and HK$3,140,000 (approximately US$402,564) for the units in respect of 99,000,000 shares and 20,000,000 shares granted to them respectively, being at HK$0.157 per share. Such cash equivalents were made available to Jamie Gibson and Clara Cheung for allowing them to buy the number of shares which they were entitled under the plan in the market in accordance with the amendment to the extension of the “black out” period for dealing in securities by directors that was being introduced by the HK Stock Exchange, and such payments will be amortised over three years in line with the share scheme starting in the financial year ended 31 December 2009.

During the period from 29 February 2009 to 5 March 2009, the trustee appointed by the Company for the plan acquired from the market an aggregate of 29,625,000 shares at a total consideration of HK$3,525,984 (approximately US$455,792), which are to be vested to the respective eligible participants in accordance with the aforesaid vesting schedule.

On 16 May 2009, a unit in respect of 1,500,000 shares lapsed upon termination of the employment of an employee. Accordingly, as at 30 June 2009 and the date of this report, there were/are outstanding units in respect of an aggregate of 29,625,000 shares, which are to be vested to the respective eligible participants (not including Jamie Gibson and Clara Cheung) in accordance with the aforesaid vesting schedule.

12. Derivative financial instruments

At 30 June 2009, there were outstanding forward and futures trading contracts amounting to approximately US$16,055,000 (31 December 2008: nil) 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 2009, the amount of these margin deposits was US$3,986,000 (31 December 2008: US$49,000).

13. Operating lease commitments

	(Unaudited) As at 30 June 2009 US$'000	(Audited) As at 31 December 2008 US$'000
At 30 June 2009 and 31 December 2008, the total future minimum lease payments under non-cancellable operating leases are payable as follows:		
Property:		
– within 1 year	269	379
– in the 2nd to 5th year, inclusive	121	80
	390	459
Equipment:		
– within 1 year	5	5
– in the 2nd to 5th year, inclusive	4	7
	9	12
	399	471

14. Capital commitments

	(Unaudited) As at 30 June 2009 US$'000	(Audited) As at 31 December 2008 US$'000
Contracted but not provided for		
Acquisition of a controlling interest in a Singapore incorporated company	55,590	55,590
Purchasing of remaining share of a subsidiary- Abagaqi Changjiang Mining Company Limited ("**ACMC**")	14,646	14,646

15. Contingent liabilities

The Group has no material contingent liabilities as at 30 June 2009.

16. Material related party transactions

Save in respect of the RCPS Repurchase, the Group has no material related party transactions for the six months ended 30 June 2009.

17. Post balance sheet events

On 21 August 2009, Regent Coal (BVI) Limited ("**Regent Coal (BVI)**, a wholly and directly owned subsidiary of the Company) entered into a share purchase agreement with Creative International (HK) Limited (the "**Purchaser**"), pursuant to which Regent Coal (BVI) has agreed to sell to the Purchaser its Zhun Dong mining project in Xinjiang, PRC at a consideration of approximately US$35.14 million before adjustment (if any). As at 30 June 2009 and the date of this report, the disposal has not been completed.

To consider the financial effects of the disposal on a standalone basis, the Group would expect to realise a net loss before expenses for the disposal of approximately US$26.92 million, calculated by deducting the consideration and the shareholder loans amount (but ignoring the cash and drilling adjustment, if any) from the value of the Zhun Dong project as at 30 June 2009, being US$62.06 million, comprising goodwill of approximately US$38 million and exploration and evaluation assets of approximately US$24.06 million. The net loss of approximately US$26.92 million realised from the disposal is a result of writing down the goodwill in full, which is a non cash item. The Company paid approximately US$26.06 million in cash for acquiring the Zhun Dong project, of which approximately US$22.12 million (excluding interest) comprises the shareholder loans, and injected a further approximately US$2.30 million in cash for undertaking certain exploration activities. In addition to paying cash, the Company also issued a number of consideration shares in respect of all of the then assets of Regent Coal (BVI), including people and goodwill associated with its assets and business, and not just the Zhun Dong project (which was only one of Regent Coal (BVI)'s assets). The goodwill component of the value of the Zhun Dong project, being approximately US$38 million, represents the excess of the cost of the investment over the Group's interest in the net fair value of the Zhun Dong project's identifiable assets, liabilities and contingent liabilities, less impairment. Therefore the Group will receive back a total net cash contribution of approximately US$6.78 million

Review and Prospects

Main Activities

The Group's principal activities during the period were:

- Production of copper and zinc concentrates at Dapingzhang in Yunnan Province, China, a Sino-foreign joint venture of which the Group holds an indirect 40% interest.
- Exploration activities at Dapingzhang and also at Yinzishan in Yunnan Province, China, a Sino-foreign joint venture of which the Group holds an indirect 97.5% interest.
- Production of coke and related by products at West China Coking and Gas Company Limited ("**West China Coke**") chemical plant in Yunnan Province, China, a Sino-foreign joint venture of which the Group holds an indirect 25% interest.
- Development of the Ji Ri Ga Lang thermal coal project in Inner Mongolia, China, a Sino-foreign joint venture of which the Group holds an indirect 51% interest.
- Evaluation of other exploration and business development opportunities in China, Indonesia and elsewhere.
- Acquisition of strategic equity stakes in Polo Resources Limited, Kalahari Minerals plc, Bannerman Resources Limited and BC Iron Limited.

On 21 August 2009, the Group announced that it had entered into a share purchase agreement with Creative International (HK) Limited in respect of the intended sale of the Zhun Dong thermal coal project for US$35.14 million, before adjustment (if any). The share purchase agreement is conditional upon, inter alia, the passing of an ordinary resolution by the shareholders approving the sale (including the payment of the finder's fee) pursuant to the HK Listing Rules. The share purchase agreement has a long stop date of 31 December 2009.

Financial Results

The consolidated profit attributable to the owners of the Company for the six months ended 30 June 2009 was US$3.73 million (2008: US$4.01 million). Yunnan Simao Shanshui Copper Company Limited ("**YSSCCL**") recorded an overall profit of RMB 70 million (equivalent to US$10.24 million) for the six months to 30 June 2009 (2008: RMB 142.72 million or US$20.21 million).

The shareholders' equity increased by 5.71% to US$225.20 million as at 30 June 2009 from US$213.04 million as at 31 December 2008. The increase was mainly due to (i) the conversion of US$2 million redeemable convertible preference shares resulting in a total increase of share capital and share premium of US$1.97 million, (ii) the fair value gain of US$7 million on investments mainly due to the marked-to-market increase in the shares of Kalahari Minerals plc and Polo Resources Limited, (iii) the unrealised loss of US$0.13 million on foreign currency translation, (iv) purchase of shares of US$0.46 million held for the Group's long term incentive scheme, and (v) the profit of US$3.73 million for the six months ended 30 June 2009.

Review of Results and Operations

Yunnan Simao Shanshui Copper Company Limited

Safety

There were no lost time injuries since YSSCCL's incorporation to 30 June 2009.

Environment

There were no reportable environmental incidents in the period.

MINING, PRODUCTION AND COSTS

Set out below are the mining, production and costs for the six months to 30 June 2009.

Table 1

Copper Production Six months ended June 09	Units		Copper - Zinc Production Six months ended June 09	Units	
Ore mined	t	177,217	Ore mined	t	167,920
Grade Cu	%	0.67	Grade Zn	%	1.78
			Grade Cu	%	1.18
Ore milled	t	211,868	Ore milled	t	124,242
Cu grade	%	0.65	Zn grade	%	2.65
			Cu grade	%	1.52
Cu recoveries	%	89.43	Zn recoveries	%	70.25
			Cu recoveries	%	80.50

Table 2

	Concentrate Production and Sales Six months ended June 09 Units	
Production		
Copper concentrate	t	6,369
Copper - Zinc concentrate	t	12,590
Concentrate Sales		
Copper concentrate	t	5,529
Copper - Zinc concentrate	t	10,287
Contained Metal		
Cu	t	2,394
Zn	t	2,275
Au	oz	690
Ag	oz	47,103

Table 3

Operating Costs for six months to June 09 (Copper equivalent) All in US$'000 (HKFRS adjusted)	Half year to June 2009
Operating*	8,805
Transportation costs	650
By-product credit^	(825)
Total Cash Cost	8,630
Depreciation and amortisation#	1,950
Total Production Cost	10,580

~ where there are payable terms
* Exploration and resource drilling expenditures are not included in mine site cash costs
^ Revenue from gold and silver
# Includes amortisation of mine assets and exploration and resource drilling

For the six months to 30 June 2009, a total of 345,137 tonnes of ore was mined. Mining was restarted in March 2009 with production of separate copper and concentrates resuming in April 2009.

During the half-year period, YSSCCL's operations have produced 6,369 tonnes of copper concentrate (2008: 8,413 tonnes), 12,590 tonnes of copper - zinc concentrate (2008: 18,113 tonnes) and have no production of zinc concentrate (2008: 30,070 tonnes). Contained metal for the half-year period was 2,394 tonnes copper (2008: 2,671 tonnes) and 2,275 tonnes zinc (2008: 22,993 tonnes). This produced revenue of RMB 83.51 million or US$12.22 million (2008: RMB 334.56 million or US$47.39 million).

Total cash costs for the six months ended 30 June 2009 were US$0.74 per lb copper equivalent (2008: US$0.41 per lb copper equivalent).

The average copper price and zinc price received in the six months ended 30 June 2009 were RMB 30,612 / tonne (approximately US$4,479 / tonne) and RMB 7,839 / tonne (approximately US$1,147 / tonne), respectively, which were 31.71% and 25% below 2008 results for the six months ended 30 June 2008.

The board of YSSCCL has approved the expansion of copper and zinc production at Dapingzhang by increasing mill throughput by over 75% from April 2010. Long-lead-time equipment has been purchased or committed to.

Exploration

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

West China Coking and Gas Company Limited

During the half-year period, West China Coke's operations have produced a total of 450,878 tonnes of coke, 33,193 tonnes of refined methanol, 13,763 tonnes of tar, 3,084 tonnes of ammonium sulphate and 3,968 tonnes of crude benzol. This produced revenue of RMB 533.23 million or US$78.03 million (2008: RMB 848.72 million or US$120.21 million) and a net loss of RMB 18.13 million or US$2.65 million (2008: profit of RMB 57.62 million or US$8.16 million). The average coke price and methanol price received in the six months ended 30 June 2009 was RMB 1,208 / tonne (approximately US$177 / tonne) and RMB 1,894 / tonne (approximately US$277 / tonne), respectively.

For the month of June, West China Coke returned to profitability, which was due to the strengthening of the coking coal and steel markets in China.

The Group will receive a dividend of RMB 2.16 million (approximately US$0.32 million) for the financial year ended 31 December 2008.

Ji Ri Ga Lang

The process is underway to convert the exploration licence to a fully operational mining licence and further progress has been made in this regard. On 16 July 2009, the Inner Mongolia Autonomous Region Development and Reform Commission issued a letter to ACMC that entrusted ACMC with the right to compile a general plan in respect of the development of the thermal coal mine at Ji Ri Ga Lang in accordance with the laws and regulations of the PRC. Accordingly, ACMC is liaising with the various institutes to complete the necessary reports for obtaining the mining licence.

Zhun Dong

On 21 August 2009, the Group announced that it had entered into a share purchase agreement with Creative International (HK) Limited in respect of the intended sale of the Zhun Dong thermal coal project for US$35.14 million, before adjustment (if any). The share purchase agreement is conditional upon, inter alia, the passing of an ordinary resolution by the shareholders approving the sale (including the payment of the finder's fee) pursuant to the HK Listing Rules. The share purchase agreement has a long stop date of 31 December 2009.

To consider the financial effects of the disposal on a standalone basis, the Group would expect to realise a net loss before expenses for the disposal of approximately US$26.92 million, calculated by deducting the consideration and the shareholder loans amount (but ignoring the cash and drilling adjustment, if any) from the value of the Zhun Dong project as at 30 June 2009, being US$62.06 million, comprising goodwill of approximately US$38 million and exploration and evaluation assets of approximately US$24.06 million. The net loss of approximately US$26.92 million realised from the disposal is a result of writing down the goodwill in full, which is a non cash item. The Company paid approximately US$26.06 million in cash for acquiring the Zhun Dong project, of which approximately US$22.12 million (excluding interest) comprises the shareholder loans, and injected a further approximately US$2.30 million in cash for undertaking certain exploration activities. In addition to paying cash, the Company also issued a number of consideration shares in respect of all of the then assets of Regent Coal (BVI), including people and goodwill associated with its assets and business, and not just the Zhun Dong project (which was only one of Regent Coal (BVI)'s assets). The goodwill component of the value of the Zhun Dong project, being approximately US$38 million, represents the excess of the cost of the investment over the Group's interest in the net fair value of the Zhun Dong project's identifiable assets, liabilities and contingent liabilities, less impairment. Therefore the Group will receive back a total net cash contribution of approximately US$6.78 million.

Regent Markets Group

Regent Markets Holdings Company Limited ("**Regent Markets**") has enjoyed a successful half year, with projected turnover for the half-year exceeding US$65 million, a 4.08% increase over the corresponding period in 2008. Net profit for the half year was US$1.72 million (2008: US$0.78 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.

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend in respect of the six months ended 30 June 2009 of HK$0.005 per share (2008: nil).

OUTLOOK

Market conditions are showing signs of improvement when compared with the conditions prevalent in the latter part of 2008. Copper prices on the Shanghai Futures Exchange have had a strong rally of 64% year to date, thanks to strong Chinese demand and a tight copper concentrate market, which is clearly buoyed by government stimulus spending as well as high levels of bank lending. Another significant contributing factor to this improvement has been progress in respect of supply chain destocking for copper and zinc within China and some early signs of restocking. In addition, there has been a broadly disciplined approach from many of the market participants in the metals and mining industry to match supply to demand. Our confidence in the sustainability of Chinese domestic demand growth through 2009 has increased, as it appears that the benefits of the Chinese Government's stimulus package are emerging into the real economy, notably in power construction and automobiles. In addition, although mixed, there are signs of stabilisation or even some growth emerging in the United States and Europe, whilst the outlook for Russia, fuelled by the higher oil price, appears to be turning.

With the rise of the price of copper and zinc, mining and production of separate copper and zinc concentrates restarted at Dapingzhang in March and April respectively. More importantly, Dapingzhang has brought back on-line the expansion of its throughput production which is expected to increase production by 75% from April 2010.

We have increasing confidence in our ability to enjoy and actively participate in a sustained general economic recovery in 2010, which we expect to be fuelled by government stimulus packages around the world and by a gradual easing of credit restrictions. However, some caution may be necessary as governments seek to dampen inflationary pressures that may arise.

We believe that the worst is behind us. Regent will continue to manage for medium to long term success, based on our proximity to key markets, our growth opportunities and our low costs. All of our current initiatives are directed towards underpinning the performance of the business, providing a solid platform for growth and delivering value for all our shareholders.

Trading Record Over Last Five Years

	(Unaudited)	(Audited)				
	Six months ended 30 June	Year ended 31 December	Nine months ended 31 December	Year ended 31 March		
	2009	2008	2007	2007	2006	2005
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Total income	8,206	6,142	2,598	3,684	3,722	3,602
Income less expenses	(406)	(13,912)	(4,695)	(2,981)	(5,312)	158
Impairment losses	—	(154,696)	—	—	—	—
Finance costs - interest on convertible bonds, redeemable convertible preference shares and hire purchase	(169)	(854)	(1,662)	(2,613)	(8)	—
Operating (loss)/profit	(575)	(169,462)	(6,357)	(5,594)	(5,320)	158
Share of profits/(losses) of associates	143	403	678	1,828	13,001	(42,043)
Share of profit of a jointly controlled entity	4,098	7,701	7,067	4,378	—	—
Profit/(Loss) before taxation	3,666	(161,358)	1,388	612	7,681	(41,885)
Taxation	—	(324)	—	—	—	(7)
Profit/(Loss) for the period/year	3,666	(161,682)	1,388	612	7,681	(41,892)
Minority interests	60	739	215	(30)	(5)	(438)
Profit/(Loss) attributable to owners of the Company	3,726	(160,943)	1,603	582	7,676	(42,330)

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

The Group recorded a profit after tax and minority interests of US$3.73 million for the six months ended 30 June 2009.

The jointly controlled entity and associates of the Group, Yunnan Simao Shanshui Copper Company Limited, Regent Markets Holdings Limited and West China Coking and Gas Company Limited contributed a profit of US$4.10 million, a profit of US$0.81 million and a loss of US$0.67 million respectively to the Group for the six months ended 30 June 2009. YSSCCL recorded a net profit of RMB 70 million (equivalent to US$10.24 million) for the six months ended 30 June 2009.

The fair value gain from investments which represented the realised profit from trading of forex and commodities and the unrealised gain on listed securities for the six months ended 30 June 2009 was US$6.84 million.

The redeemable convertible preference shares were redeemed for cash in the amount of US$3.5 million on 25 June 2009 and consequently no further interest payments are due.

The Group continued to monitor its operating costs closely. The finance cost represented the interest expense of the redeemable convertible preference shares and hire purchase amounting to US$0.17 million for the six months ended 30 June 2009.

The main elements of the profit are analysed as follows:

	US$'million
Share of profit from YSSCCL	$ 4.10
Share of profit from Regent Markets	$ 0.81
Share of loss of West China Coke	$ (0.67)
Coal mining	$ (1.43)
Metals mining	$ (2.84)
Corporate investment	$ 3.38
Others	$ 0.55
Finance cost	$ (0.17)
Total profit attributable to shareholders	$ 3.73

Balance Sheet

Shareholders' equity increased by 5.71% to US$225.20 million as at 30 June 2009 from US$213.04 million as at 31 December 2008. The increase was mainly due to (i) the conversion of US$2 million redeemable convertible preference shares resulting in a total increase of share capital and share premium of US$1.97 million, (ii) the fair value gain of US$7 million on available-for-sale financial assets, (iii) the unrealised loss of US$0.13 million on foreign currency translation, (iv) purchase of shares of US$0.46 million in share held for share award scheme, and (v) the profit of US$3.73 million for the six months ended 30 June 2009.

The investments in YSSCCL of US$31.90 million, Regent Markets of US$3.25 million and West China Coke of US$13.95 million accounted for 14.17%, 1.44% and 6.19% of the shareholders' equity respectively. The Group's assets comprised: (i) goodwill of US$52.14 million, (ii) exploration and evaluation assets of US$32.17 million, (iii) cash of US$18.71 million, (iv) listed and unlisted investments of US$43.80 million, and (v) other assets and receivables of US$34.95 million.

The Group's liabilities comprised payables and accruals of US$3.22 million.

Future Funding

As at 30 June 2009, the Group had US$18.71 million cash or 8.31% of its total shareholders' equity, which does not take into account the Group's holding of listed securities that amounted to US$43.18 million.

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

Management Risk

The most significant risk affecting the profitability and viability in respect of the Group is the continued success and revenue derived from its 40% interests in YSSCCL, a Sino-foreign equity joint venture enterprise that produces copper and zinc concentrates with gold and silver credits. There are also risks affecting Group's profitability and viability in 2009 in respect of the Group's interest in ACMC and West China Coke.

Interim Dividend

The Directors have resolved to declare an interim dividend in respect of the six months ended 30 June 2009 of HK$0.005 per share (2008: nil), payable on **Wednesday, 30 October 2009** in cash, either in Hong Kong dollars or in United States dollars at the exchange rate quoted by Citibank NA, Hong Kong at **4:00 pm (Hong Kong time) on Wednesday, 30 September 2009**, to those shareholders whose names are recorded on the Principal or Branch Register of Members of the Company on **Wednesday, 30 September 2009**.

Clousre of Registers of Members

The Registers of Members of the Company will be closed from **Monday, 28 September 2009** to **Wednesday, 30 September 2009, both days inclusive**, during which period no transfers of shares will be effected. In order for shareholders to qualify for the interim dividend, all completed and stamped transfer forms, accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, for registration **not later than 4:30 pm (Hong Kong time) on Friday, 25 September 2009**.

Election by Shareholders

It is expected that an election form (the "**Election Form(s)**") will be despatched to shareholders on **Friday, 2 October 2009** for them to elect the currency (Hong Kong dollars or United States dollars) in which they wish to receive their dividend. In order for their election to be applicable to the interim dividend, shareholders are required to return their Election Forms to Tricor Tengis Limited at the above address **not later than 4:00 pm (Hong Kong time) on Friday, 23 October 2009**.

Those shareholders who do not have their Election Form properly completed and returned to Tricor Tengis Limited by the designated time will only be entitled to receive their interim dividend in the currency indicated in the last election form they returned to Tricor Tengis Limited or, if no form was ever returned, in the currency in which their last dividend was paid. New shareholders registered after the collection of the election form in respect of the last dividend paid by the Company who do not return the Election Form will receive the interim dividend in Hong Kong dollars (if they have a Hong Kong registered address on the Company's Registers of Members) or in United States dollars (if they have an overseas registered address on the Company's Registers of Members).

Dividend cheques in relation to the interim dividend are expected to be despatched at the risk of those entitled thereto on or about **Friday, 30 October 2009**.

Updates on Directors' Biographies

1. Stephen Dattels was appointed as director of the following listed companies:

   a. as a non-executive director of GCM Resources plc (a listed company on the Alternative Investment Market of the London Stock Exchange) on 28 April 2009;

   b. as a non-executive director of Berkeley Resources Limited (a listed company of the Australian Securities Exchange) on 15 May 2009; and

   c. as a director of Extract Resources Limited (a listed company on the Australian Securities Exchange) on 6 July 2009.

2. James Mellon was appointed as a non-executive director of Polo Resources Limited (a listed company on the Alternative Investment Market of the London Stock Exchange) on 5 June 2009, in which the Company has 4.35% interest.

3. Consequent to the continuation vote at the annual general meeting of Invesco Perpetual European Absolute Return Investment Trust Plc (a listed company on the London Stock Exchange) held on 18 June 2009, the company is in the process of being placed in members' voluntary liquidation. This process is expected to be concluded in October 2009, when Mark Searle will cease to be a director.

Directors' Interests in Securities and Options

As at 30 June 2009, 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	56,516,180	1.43%
	A	Beneficiary of a trust	Long position	375,821,131	9.52%
Stephen Dattels	B	Beneficiary of a trust	Long position	264,057,353	6.69%
Jamie Gibson		Beneficial owner	Long position	4,419,138	0.11%
Clara Cheung		Beneficial owner	Long position	1,200,000	0.03%
David Comba		—	—	—	—
Julie Oates	C	—	—	—	—
Mark Searle		Beneficial owner	Long position	4,194,444	0.11%
	D	Beneficiary of a trust	Long position	50,000	0.00%
Jayne Sutcliffe		Beneficial owner	Long position	17,160,465	0.43%
	E	Beneficiary of a trust	Long position	27,965,226	0.71%

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

** The total issued ordinary share capital of the Company as at 30 June 2009 consisted of 3,948,690,523 shares.

B. Redeemable Convertible Preference Shares

Please refer to note 11.1 to this interim financial report as to the RCPS Repurchase by the Company of all the outstanding and issued Redeemable Convertible Preference Shares on 25 June 2009.

C. Share Option Scheme (2002)

Please refer to note 11.2 to this interim financial report as to the details of the Share Option Scheme (2002).

As at 30 June 2009, 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	4,333,333	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	4,333,333	10.00
Clara Cheung	4 April 2006	8,000,000	0.300	4 April 2007 - 3 April 2016	8,000,000	10.00
	14 December 2006	6,000,000	0.325	14 December 2007 - 13 December 2016	4,000,000	10.00
	2 October 2007	7,000,000	1.152	2 October 2008 - 1 October 2017	2,333,333	10.00
David Comba	2 October 2007	5,000,000	1.152	2 October 2008 - 1 October 2017	1,666,666	10.00

The options entitle the holders to exercise one-third of the option at each of the first, second and third anniversary dates after the date of grant. Any entitlements unexercised in any prior period may be carried forward to the following periods but, in any event, must be exercised within 10 years from the date of grant. All entitlements then remain unexercised will lapse.

During the six months ended 30 June 2009 or prior to the date of this report, no new options were granted to the Directors of the Company under the Share Option Scheme (2002) and none of the outstanding options were exercised or cancelled. John Stalker's outstanding option in respect of 12,000,000 shares at the exercise price of HK$0.780 per share lapsed upon his resignation as a Director of the Company on 8 April 2009.

Save for the above, during the six months ended 30 June 2009 or prior to the date of this report, no Directors of the Company exercised any of their rights under the respective options granted to them pursuant to the Share Option Scheme (2002) and subscribed for shares in the Company; and no options were granted or cancelled or lapsed.

D. Long Term Incentive Plan 2007

Please refer to note 11.3 to this interim financial report as to the details of the Long Term Incentive Plan 2007.

On 7 January 2009, units in respect of 99,000,000 shares and 20,000,000 shares were granted under the plan to Jamie Gibson and Clara Cheung respectively, who received their entitlements on 7 January 2009 in the full cash equivalents of HK$15,543,000 (approximately US$1,992,692) and HK$3,140,000 (approximately US$402,564) respectively, being at HK$0.157 per share. Such cash equivalents were made available to Jamie Gibson and Clara Cheung for allowing them to buy the number of shares which they were entitled under the plan in the market in accordance with the amendment to the extension of the "black out" period for dealing in securities by directors that was being introduced by the HK Stock Exchange, and such payments will be amortised over three years in line with the share scheme starting in the financial year ended 31 December 2009.

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	18.9%
Jamie Gibson		Beneficial owner	Long position	225,000	0.80%
Stephen Bywater		—	—	—	—
Clara Cheung		—	—	—	—
David Comba		—	—	—	—
Julie Oates		—	—	—	—
Mark Searle		—	—	—	—
John Stalker		—	—	—	—
Jayne Sutcliffe		Beneficial owner	Long position	150,000	0.54%

Notes:

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

B. The 264,057,353 ordinary shares in the Company and 5,250,000 ordinary shares in AstroEast.com Limited are held by trustee of discretionary trusts, under which Stephen Dattels and members of his family may become beneficiaries.

C. Julie Oates acquired 2,500,000 ordinary shares in the Company on 27 July 2009 for the beneficial interests jointly held by her and her spouse.

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

E. The 27,965,226 ordinary shares in the Company 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.

G. bigsave Holdings plc (an indirect 64.26% owned subsidiary of the Company), in which Jamie Gibson and Jayne Sutcliffe used to disclose their interests, commenced members' voluntary liquidation on 3 January 2008 and was dissolved on 30 March 2009.

   The Company has no effective control over bigsave Holdings plc and its results and assets and liabilities were not consolidated into the Company's financial statements.

Save as disclosed herein, as at 30 June 2009 none of the Directors (or their associates) had any beneficial interests or short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) or debentures of the Company or of any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests and short positions which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to the Model Code.

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

Substantial Shareholders

The Directors are not aware of any persons (other than James Mellon and Stephen Dattels, whose interests are set out in detail under the section headed "Directors' Interests in Securities and Options") who, as at 30 June 2009 and the date of this report, had beneficial interests and short positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company, which would have to be recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests and short positions which they were deemed or taken to have under such provisions of the SFO).

The Code on Corporate Governance Practices

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

The Company is committed to high standards of corporate governance, for which the Directors are accountable to the Company, and has applied the principles of the Code on CG Practices since their adoption on 1 January 2005 as mentioned above in a manner consistent with best practices of a listed issuer. The primary responsibility for ensuring that the Code on CG Practices is complied with rests with the Directors with the full support of the Company's company secretary and its executive management.

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

As far as the Directors are aware, the Company has complied with the code provisions set out in the Code on CG Practices during the six months ended 30 June 2009.

The Code for Securities

Transactions by directors and employees

In compliance of Code Provision A.5.4 of the Code on CG Practices, a code for securities transactions by Directors and employees (the "**Group's Code**"), on exactly the terms and required standard contained in the Model Code (the "**Model Code**") set out in Appendix 10 to the HK Listing Rules, was adopted by the Group on 31 March 2004.

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

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

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

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

Independent Non-Executive Directors

In compliance of Rule 3.10(1) of the HK Listing Rules, the Board currently comprises three independent non-executive Directors, namely David Comba, Julie Oates and Mark Searle. Each of the independent non-executive Directors has confirmed: (i) that he/she complies with each of the independence criteria referred to in Rule 3.13(1) to (8); (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any connected person (as such term is defined in the HK Listing Rules) of the Company; and (iii) that there are no other factors that may affect his/her independence at the same time as the submission of his/her Declaration and Undertaking in Form B of Appendix 5 to the HK Listing Rules. The Directors consider that all three independent non-executive Directors are independent under these independence criteria and are capable to efficiently exercise independent judgement. Amongst them, Julie Oates has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2). Julie Oates and Mark Searle serve in the audit committee, connected transactions committee and remuneration committee of the Company, while Julie Oates is the Chairlady of the first two committees.

Review by the Audit Commtiee

The interim financial report of the Company for the six months ended 30 June 2009 has been reviewed by the audit committee of the Company (the "**Audit Committee**").

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

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

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

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

Internal Control

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

Connected Transactions Committee

The Company 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 (the "**Remuneration Committee**") was established on 5 November 2004, with its written terms of reference adopted on 18 March 2005 in compliance of the code provisions in B.1 of the Code on CG Practices. It currently comprises the Non-Executive Co-Chairman of the Board (James Mellon) and two independent non-executive Directors, namely Julie Oates and Mark Searle, and is responsible to review and approve the remuneration packages of the Directors. The committee is chaired by James Mellon.

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

Purchase, Sale and Redemption of Listed Securities

The Company did not repurchase, sell or redeem any of its listed securities during the six months ended 30 June 2009 or subsequent to the period end date and prior to the date of this report.

Details of the RCPS Repurchase by the Company of all the issued and outstanding Redeemable Convertible Preference Shares are set out in note 11.1 to this interim financial 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)*
Clara Cheung
David Comba#
Julie Oates#
Mark Searle#
Jayne Sutcliffe*

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

Hong Kong, 31 August 2009