THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this document or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold all your shares in Regent Pacific Group Limited, you should, without delay, hand this document, together with the accompanying proxy form, to the purchaser or to the stockbroker, bank manager or other agent through whom the sale was effected for transmission to the purchaser.

REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0575)

POSSIBLE VERY SUBSTANTIAL DISPOSAL: DISPOSAL MANDATE IN RELATION TO THE POSSIBLE FUTURE DISPOSAL OF THE COMPANY'S ENTIRE HOLDING IN BC IRON LIMITED

A notice convening the extraordinary general meeting of Regent Pacific Group Limited is set out in pages 88 to 90 of this circular. Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company Secretary at the Company's principal place of business in Hong Kong as soon as possible but in any event not later than 11:00 a.m. on Monday, 14 January 2013. Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting or any adjourned meeting if you so wish.

24 December 2012

TABLE OF CONTENTS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

"Articles of Association"	the articles of association of the Company, copies of which are available on the websites of the HK Stock Exchange and the Company
"associate(s)"	shall have the meaning defined in the HK Listing Rules
"ASX"	ASX Limited (ACN 008 624 691)
"A$"	Australian dollars, the lawful currency of Australia
"BCI"	BC Iron Limited (ACN 120 646 924), a limited liability company incorporated in Australia, whose securities are listed on the ASX
"BCI Share(s)"	the fully paid ordinary shares in the capital of BCI
"Board"	the board of directors of the Company
"Business Day"	a day which is not a Saturday, Sunday or a public holiday in Hong Kong
"China" or the "PRC"	People's Republic of China
"Company"	Regent Pacific Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange
"connected person(s)"	shall have the meaning defined in Chapter 14A of the HK Listing Rules
"Director(s)"	the directors of the Company
"Disposal Mandate"	the specific mandate to be granted by the Shareholders to the Directors to effect disposal(s) from time to time of such number of BCI Shares (subject to a maximum of 24,002,698 BCI Shares currently held by the Company) which, when aggregated with any disposal of BCI Shares by the Company in the preceding 12 month period, may amount to a very substantial disposal of the Company under Chapter 14 of the HK Listing Rules
"EGM Notice"	the notice convening the Extraordinary General Meeting as set out in pages 88 to 90 of this circular

"Extraordinary General Meeting"	the extraordinary general meeting convened to be held on Wednesday, 16 January 2013, the notice of which is set out in pages 88 to 90 of this circular, to consider and approve the Disposal Mandate and the exercise thereof
"FMG"	Fortescue Metals Group Limited (ABN 57 002 594 872), a limited liability company incorporated in Australia, whose securities are listed on the ASX
"FMG Pilbara"	FMG Pilbara Pty Ltd (ABN 29 106 943 828), a wholly owned subsidiary of FMG
"Group"	the Company and its subsidiaries
"HK Listing Rules"	The Rules Governing the Listing of Securities on the HK Stock Exchange, as amended from time to time
"HK Stock Exchange"	The Stock Exchange of Hong Kong Limited
"HK$"	Hong Kong dollars, the lawful currency in Hong Kong
"Ji Ri Ga Lang Coal Mine"	the Ji Ri Ga Lang coal mine in Bayanchagan Town, Abagaqi, Inner Mongolia owned by Abagaqi Changjiang Mining Co., Ltd., which was formerly owned by the Group as to 51 per cent. through Regent Coal (BVI) Limited (having been disposed of by the Group in January 2012)
"Latest Practicable Date"	Tuesday, 18 December 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
"Long Term Incentive Plan 2007"	in relation to the information contained in the "General information" in Appendix IV, the long term incentive plan of the Company named the "Long Term Incentive Plan 2007" established with the shareholders' approval on 8 December 2007
"Memorandum and Articles of Association"	the memorandum and articles of association of the Company, copies of which are available on the websites of the HK Stock Exchange and the Company
"Model Code"	The Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the HK Listing Rules, as amended from time to time
"Mt"	million tonnes
"Mtpa"	million tonnes per annum

"Nullagine Iron Ore Joint Venture" or "NIOP"	the Nullagine iron ore joint venture project between BCI, acting through BC Iron Nullagine Pty Ltd (a wholly owned subsidiary of BCI), and FMG, acting through FMG Pilbara
"Option(s)"	in relation to the information contained in the "General information" in Appendix IV, the options granted and exercisable under the Share Option Scheme (2002)
"Remaining Group"	the Group upon disposal of the Company's entire holding in BCI
"Remuneration Committee"	the remuneration committee of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended from time to time
"Share Option Scheme (2002)"	in relation to the information contained in the "General information" in Appendix IV, the share option scheme of the Company named the "Share Option Scheme (2002)" established with the shareholders' approval on 15 November 2002 and terminated on 15 November 2012 upon expiry of the duration prescribed in its rules
"Shareholder(s)"	the holders of the Shares
"Share(s)"	the ordinary shares, with voting rights, of US$ 0.01 each in the capital of the Company, which are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange
"US$"	United States dollars, the lawful currency in the United States
"Yinzishan Mine"	the volcanogenic massive sulphide deposit owned by Simao Regent Minerals Limited, which was formerly owned by the Group as to 97.54 per cent. through Regent Minerals Limited (having been disposed of by the Group in March 2011)

Note: Unless otherwise specified herein, (i) amounts dominated in A$ have been translated, for the purpose of illustration only, into US$ using the exchange rate of A$1.00 = US$1.0401; and (ii) amounts dominated in US$ have been translated, for the purpose of illustration only, into HK$ using the exchange rate of US$1.00 = HK$7.80.

REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0575)

Executive Director:
Jamie Gibson *(Chief Executive Officer)*

Non-Executive Directors:
James Mellon *(Co-Chairman)*
Stephen Dattels *(Co-Chairman)*
David Comba#
Julie Oates#
Mark Searle#
Jayne Sutcliffe

Independent Non-Executive Directors

Registered office:
P.O. Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal place of business in Hong Kong:
8th Floor
Henley Building
5 Queen's Road Central
Hong Kong

24 December 2012

To the shareholders of Regent Pacific Group Limited

Dear Sir or Madam

POSSIBLE VERY SUBSTANTIAL DISPOSAL: DISPOSAL MANDATE IN RELATION TO THE POSSIBLE FUTURE DISPOSAL OF THE COMPANY'S ENTIRE HOLDING IN BC IRON LIMITED

1 INTRODUCTION

The Company announced on 18 December 2012 about the possible future disposal of the Company's entire holding in BCI.

This circular provides Shareholders with all the information reasonably necessary to enable them to make an informed decision as to whether to vote in favour of the resolution proposed at the Extraordinary General Meeting to approve the Disposal Mandate and the exercise thereof, as set out in detail in the EGM Notice.

2 FUTURE DISPOSAL OF BCI SHARES MAY CONSTITUTE A VERY SUBSTANTIAL DISPOSAL

As at the date of the Latest Practicable Date, the Company held 24,002,698 BCI Shares, representing approximately 20.10 per cent. of the issued share capital of BCI (following its recent placement), as disclosed in the notice of change of interests of substantial holder filed and published on ASX on 18 December 2012. BCI Shares are listed on ASX.

Depending on the then prevailing market conditions, the Company may from time to time, in the future, dispose of such BCI Shares.

The disposal of the Company's holding in BCI may constitute a very substantial disposal of the Company under Chapter 14 of the HK Listing Rules and require approval of Shareholders in general meeting of the Company.

Given the volatility of the stock market, disposing of shares at the best possible price requires prompt disposal actions at the right time and it would not be practicable to seek prior Shareholders' approval for each disposal of BCI Shares which, when aggregated with any disposal of BCI Shares by the Company in the preceding 12 month period, may amount to a very substantial disposal of the Company under Chapter 14 of the HK Listing Rules.

To allow flexibility in effecting a future disposal or disposals of the Company's holding in BCI at an appropriate time or times, the Company proposes to seek from Shareholders a Disposal Mandate subject to the parameters below. The Company is not currently engaged in any discussion with any party to dispose of its holding in BCI and neither does the Company have any current intention to dispose of its BCI Shares within any particular timeframe. There is no assurance that the Company will proceed with the future disposal of its holding in BCI within a particular timeframe after obtaining the Disposal Mandate. Whether and when the Company will embark on such future disposal or disposals will depend on a number of factors, including the prevailing market prices and conditions at the relevant time or times.

3 DISPOSAL MANDATE

The Disposal Mandate to be sought from the Shareholders will be on the following terms:

(1) **Mandate period**

— for a period of 12 months from the passing of the relevant resolution at the Extraordinary General Meeting

(2) **Maximum number of BCI Shares**

— the Disposal Mandate authorises and empowers the Board to sell up to the entire holding of the Company of BCI Shares (being 24,002,698 BCI Shares)

(3) **Scope of authority**

— the Board is authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the disposal of the Company's holding of BCI Shares, including, without limitation, the number of batches of disposals, the number of BCI Shares to be sold in each disposal, the timing of each disposal, the manner of disposal (whether in the open market or through block trade(s)), the target purchasers and the selling price (subject to the parameters set out in paragraph (5) below)

(4) **Manner of disposal**

— apart from disposal in the open market on ASX, the Company may also dispose of its holding of BCI Shares during the mandate period through block trade(s) by entering into placing agreement(s) with reputable investment banks as placing agents. The terms and conditions of such block trade(s) will be negotiated on an arms' length basis

(5) **Mechanism for setting the selling price**

— the selling price per BCI Share that is to be sold through block trade(s) shall represent no more than a 7 per cent. discount to the average closing price of BCI Shares on ASX in the five (5) trading days immediately prior to the date of the relevant sale and purchase agreement; and

— whether the disposal is made in the open market or through block trade(s), the minimum selling price per BCI Share shall not be less than A$3.20

The maximum 7 per cent. discount to the average closing price of BCI Shares on ASX in the five (5) trading day period represents the range of discounts to referenced closing prices which the Company may consider in the exercise of the Disposal Mandate in the context of block trade(s), having regard to market practice for block trades on ASX, the then prevailing share price performance and market sentiment. In addition, the minimum selling price of A$3.20 per BCI Share, whether sold in the open market or pursuant to a block trade or trades, was determined by reference to the: (i) closing price of A$3.42 per BCI Share as quoted on ASX on 18 December 2012; (ii) average closing price of A$2.71 per BCI Share as quoted on ASX for the past 6 months; and (iii) average closing price of A$2.73 per BCI Share as quoted on ASX for the past 12 months. The Directors consider that the aforementioned price setting mechanisms will allow flexibility for the Directors to accommodate fluctuation in market conditions in the exercise of the Disposal Mandate and at the same time reflect the lowest acceptable price to dispose of the Company's holding of BCI Shares and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

Subsequent to the exercise, in full, of the Disposal Mandate, the Company will cease to hold any BCI Shares.

It is expected that the purchasers of the Company's holding of BCI Shares and their respective ultimate beneficial owners will be third parties independent of and not connected with the

Company and its connected persons. In the event that any purchaser of the Company's BCI Shares is a connected person of the Company, the Company will strictly comply with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

4 RESIGNATION FROM THE BOARD OF BCI

As announced on 18 December 2012, in view of the Directors' decision to seek the Disposal Mandate from Shareholders, Mr Jamie Gibson resigned as a non-executive director from the board of BCI with effect from 18 December 2012. Upon the resignation of Mr. Gibson, the Company is considered to possess no significant influence over the financial and operating activities of BCI and the Company's interests in BCI will be accounted for as financial assets at fair value through profit or loss in the Company's financial statements.

5 USE OF PROCEEDS

It is the intention of the Company, consistent with its stated business strategy, to use the proceeds of the Disposal Mandate, together with the existing cash and liquid cash reserves of the Group to acquire: (i) strategic, controlling and operational interests in mining companies and assets; and (ii) listed securities of resource companies, in order to enhance Shareholders' value.

The Company's stated strategy is to become Hong Kong's next major mid-tier mining house focused on bulk commodities, base metals and gold in the Asia-Pacific region. As a Hong Kong listed mining company, the Company aims to serve as a platform for growth and a cultivator of high quality, accretive mining assets across Asia-Pacific.

6 REASONS FOR AND FINANCIAL EFFECTS OF THE DISPOSAL MANDATE ON THE GROUP

Following the Company's unsuccessful attempt to takeover BCI in the first half of 2011, it has been the Company's strategy to bolster its strategic holding and to subsequently, at an opportune time, monetise its investment in BCI, subject to prevailing share prices and market sentiment.

The Directors are of the view that now is the right time to seek the Disposal Mandate given the value that has been created now that BCI has successfully negotiated a significant transaction with FMG (further details of which are set out in the section titled "Principal Business Activities of BCI" below) that will: (i) provide the Nullagine Iron Ore Joint Venture with available capacity on FMG's rail and port infrastructure in respect of 6 Mtpa for the life of the Nullagine Iron Ore Joint Venture, from the existing 5 Mtpa; and (ii) enable BCI to increase its participating interest in the Nullagine Iron Ore Joint Venture to 75 per cent., from its current participating interest of 50 per cent., with such additional interest relating to a project now capable of producing at a rate of 6 Mtpa.

The Company's 20.10 per cent. shareholding in BCI is a result of its participation in various BCI share placements since June 2009, together with on-market acquisitions, at prices ranging from A$1.02 to A$3.05 per BCI share made in the normal and ordinary course of business. The Company's average original acquisition cost per BCI Share amounts to approximately A$1.75 (or approximately US$1.82 or HK$14.20).

On the assumption that the Disposal Mandate is exercised in full at the minimum selling price of A$3.20 per BCI Share, the following is relevant:

(a) The Company will generate a net realised gain of approximately A$38,250,631 (or approximately US$39,784,481 or HK$310,318,952) before expenses and taxes and after receipt from BCI of a special dividend of approximately A$3,600,405 (or approximately US$3,744,781 or HK$29,209,292), calculated by deducting the total acquisition costs from the total disposal proceeds (before expenses and taxes).

(b) The disposal will represent a "cash-on-cash" return of 1.91 times the Company's original cash investment of A$42,158,408 (or approximately US$43,848,960 or HK$342,021,888) based on an average original acquisition cost of A$1.75 (or approximately US$1.82 or HK$14.20) per BCI Share.

(c) The Company expects to recognise in its income statement a gain different from that disclosed above, principally by reference to the carrying value of all the BCI Shares the subject of the Disposal Mandate as recorded in the Company's accounts. The difference between the two calculations arises and is mainly derived from: (i) an unrealised profit of approximately US$21,550,000 (or approximately HK$168,090,000) recognised and recorded in the previous financial years and the period ended 30 June 2012; and (ii) the relevant exchange rate ascribed by the Company at the relevant trade date for each acquisition of BCI Shares.

(d) After taking into consideration of the factors stated in point (c) above, the Company will generate a net realised gain of approximately US$5,333,639 (or approximately HK$41,602,384) which is calculated by deducting (i) the carrying amount of the BCI Shares of approximately US$61,926,385 (or approximately HK$483,025,803) as at 30 June 2012; and (ii) the estimated related expenses and taxes of approximately US$12,628,636 (or approximately HK$98,503,361) for the disposal of BCI Shares by the estimated sales proceeds of US$79,888,660 (or approximately HK$623,131,548) (which is calculated by assuming the minimum selling price of A$3.20 per BCI Share in respect of 24,002,698 BCI Shares). The final amount of proceeds would be subject to the prevailing market price of the BCI Shares, the exchange rate between A$ and US$ and the discount, if any, offered for setting the selling price at the actual date of disposal, which may be different from that at 30 June 2012. As a result, the gain on disposal of the BCI Shares may be changed accordingly.

(e) In respect of the Company's interest in BCI, the Company's attributable share (as determined on the number of BCI Shares comprising the Disposal Mandate) of BCI's: (i) net profit for the financial year ended 30 June 2012 from continued operations is A$12,226,814 (or approximately US$12,717,109 or HK$99,193,450); and (ii) net profit for the financial year ended 30 June 2011 from continued operations is A$185,488 (or approximately US$192,926 or HK$1,504,823), both before taxation and extraordinary items.

(f) In respect of the Company's interest in BCI, the Company's attributable share (as determined on the number of BCI Shares comprising the Disposal Mandate) of BCI's: (i) net profit for the financial year ended 30 June 2012 from continued operations is A$10,160,803 (or approximately US$10,568,251 or HK$82,432,358); and (ii) net profit for the financial year ended 30 June 2011 from continued operations is A$197,890 (or approximately US$205,825 or HK$1,605,435), both after taxation and extraordinary items.

(g) The net asset value of BCI was A$131,643,810 (or approximately US$136,922,727 or HK$1,067,997,271) as at 30 June 2012, being the number shown in BCI's latest publicly disclosed annual report for the period ended 30 June 2012.

The excess of the consideration over the net book value of BCI as at 30 June 2012 would be approximately A$50,348,228 (or approximately US$52,367,192 or HK$408,464,098).

Based on the unaudited pro forma financial information of the Remaining Group as set out in Appendix II to this circular, it is believed that the future disposal of the Company's holding in BCI will have the effect of increasing the asset value of the Remaining Group of approximately US$17,962,275 (or approximately HK$140,105,745) by the amount of the net proceeds of approximately US$79,888,660 (or approximately HK$623,131,548) less the book value of the disposal of all the Company's holding of BCI Shares of approximately US$61,926,385 (or approximately HK$483,025,803), the liability of the Remaining Group of approximately US$12,628,636 (or approximately HK$98,503,361) as at 30 June 2012 and the earnings of the Remaining Group of approximately US$5,333,639 (or approximately HK$41,602,384) for the 6 months period ended 30 June 2012.

However, the Shareholders should note that the actual amounts of the proceeds, accounting gain and the effects on the net assets and earnings of the Group in relation to the future exercise of the Disposal Mandate would depend on the actual selling price(s) of the Company's BCI Shares to be disposed of by the Group.

The highest and lowest closing prices of BCI Shares as quoted on ASX in the past 12 months were A$3.42 (or approximately US$3.56 or HK$27.77) and A$2.35 (or approximately US$2.44 or HK$19.03), respectively.

Given the volatility of the stock market, disposing of shares at the best possible price requires prompt disposal actions at the right time and it would not be practicable to seek prior Shareholders' approval for each disposal of BCI Shares which, when aggregated with any disposal of BCI Shares by the Company in the preceding 12 month period, may amount to a very substantial disposal of the Company under Chapter 14 of the HK Listing Rules.

To allow flexibility in effecting a future disposal or disposals of the Company's holding in BCI at an appropriate time or times, the Company proposes to seek from Shareholders a Disposal Mandate subject to the parameters above.

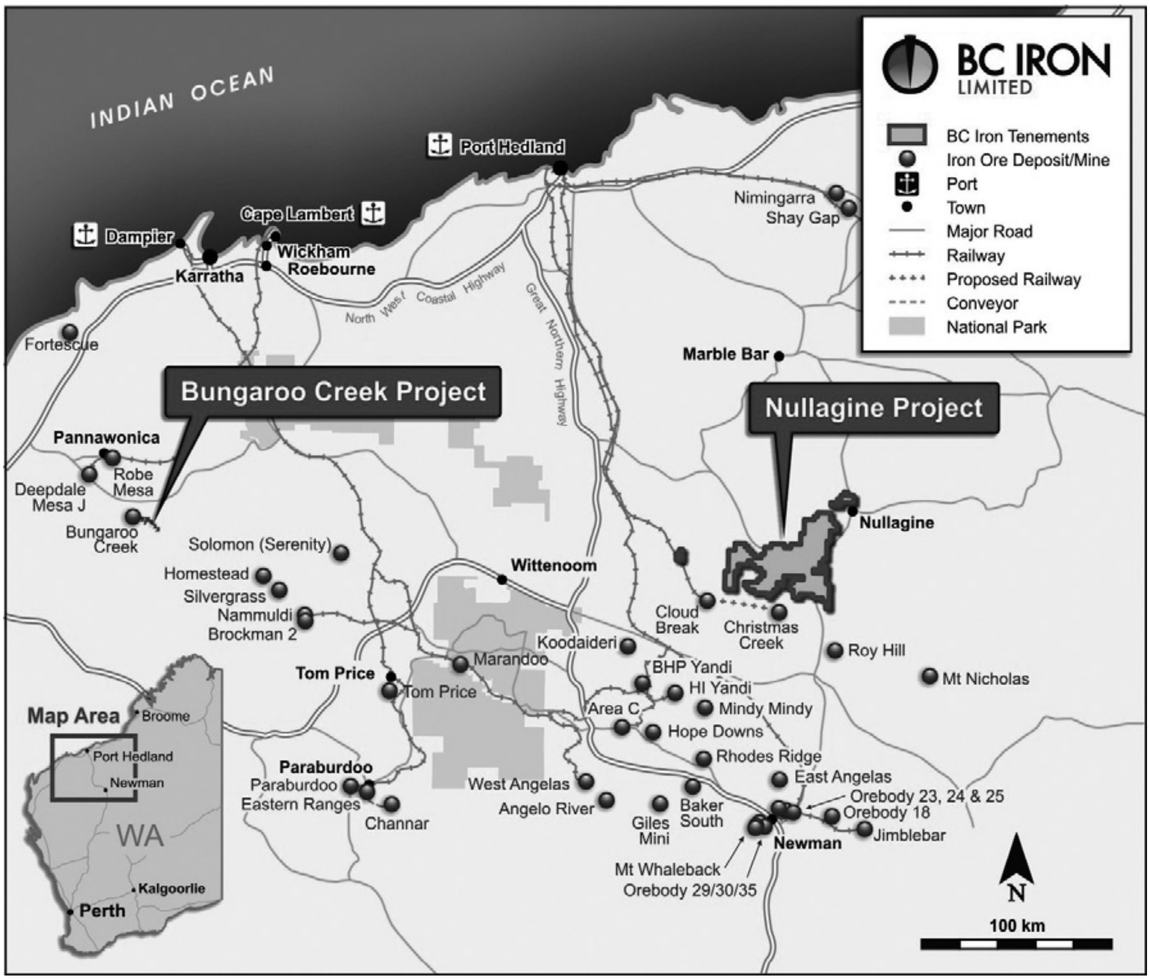
The Directors (including the independent non-executive Directors) are of the view that the Disposal Mandate represents a good opportunity to increase the liquid cash position of the

Company to put the Company in a better and more flexible financial position to take advantage of any investment opportunities should they arise. The Directors (including the independent non-executive Directors) are also of the view that the Disposal Mandate will be exercised in the best interests of the Company and the Shareholders as a whole and the Disposal Mandate will provide much needed flexibility to the Directors to dispose of the Company's holding of BCI Shares in a manner consistent with maximising returns for the Group.

7 PRINCIPAL BUSINESS ACTIVITIES OF BCI

As previously disclosed by the Company, BCI (ASX code: BCI) is an iron ore producer and exporter with projects in Western Australia's world-class Pilbara region.

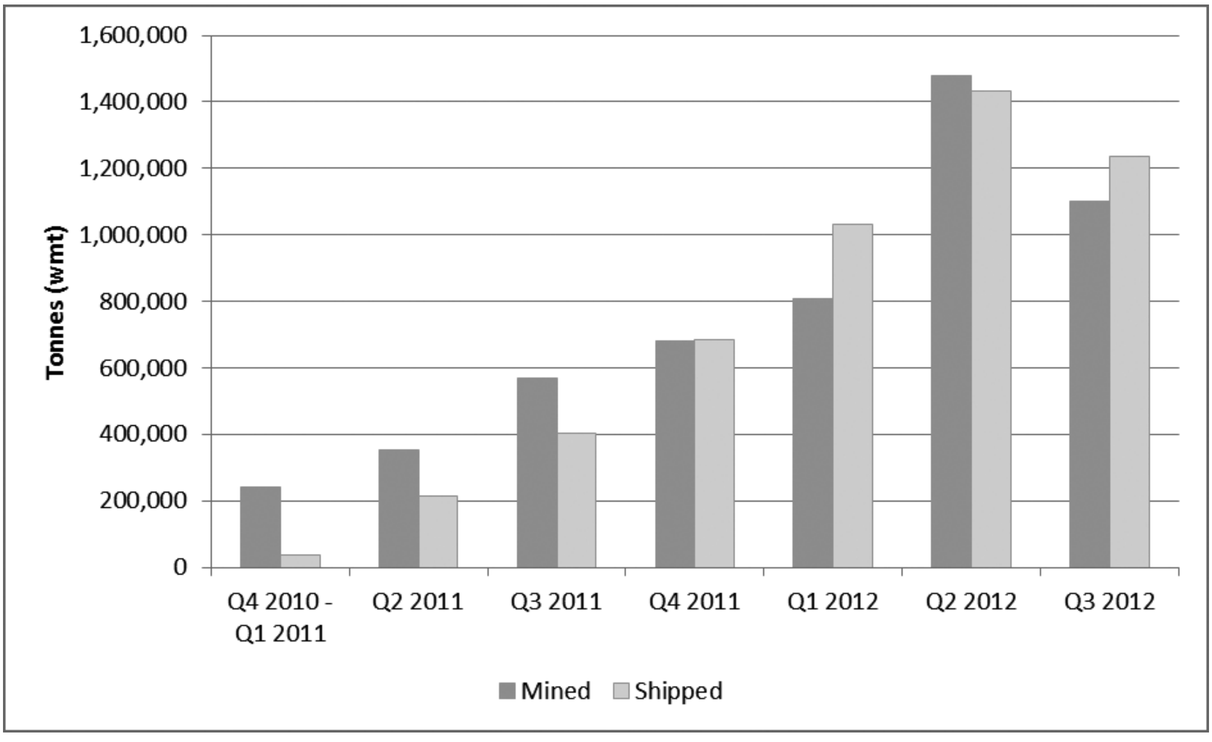
BCI's main project is a joint venture with Fortescue Metals Group (ASX code: FMG) (FMG) in respect of the Nullagine Iron Ore Joint Venture project. The Nullagine Iron Ore Joint Venture project (or "**NIOP**") is situated approximately 300km south-east from Port Hedland in Western Australia and approximately 60km north of FMG's Chichester Hub, which comprises the Cloudbreak and Christmas Creek operations. The NIOP is principally comprised of three contiguous districts, Bonnie Creek, Shaw River and Nullagine with initial mining focussed on the Bonnie Creek deposits. The figure below illustrates the location of the NIOP and BCI's (100 per cent.) early stage Bungaroo Creek Project in relation to other iron ore mineral deposits in the Pilbara Region.



The NIOP's principal activity is the mining of iron ore for sale into the seaborne market, principally into China. Production commenced in November 2010 with 5.04 Mt of low impurity, high calcined iron sintering ore exported to 30 September 2012. The Nullagine Iron Ore Joint Venture continues to ramp up its production rates with the mining operation now running at a rate of 5 Mtpa with latent, excess capacity available in the plant and both the mining and haulage fleets. BCI has forecast that in the 12 month period to 30 June 2013, the NIOP will export 5.1 Mt of iron ore (BCI on ASX on 10 December 2012). The figure below demonstrates the successful ramp up in production and export of the 57% iron ore product from NIOP between the commencement of production and 30 September 2012.

BCI announced a net profit after tax of A$50.6 million for the twelve month period to 30 June 2012 (BCI on ASX on 4 September 2012). During this period the NIOP shipped 3.55 Mt of iron ore at an average CFR (cost and freight) price of US$124 per dry metric tonne (BCI on ASX 4 September 2012). For the same period, the project had a cash cost of approximately US$53 per WMT (wet metric tonne), excluding royalties, marketing and corporate costs (BCI on ASX 4 September 2012). The project has a forecast life of mine (LOM) cash cost of between US$45 and US$50 per WMT, excluding royalties, marketing and corporate costs.

The NIOP has a resource estimate of 107.1 Mt which includes 41.3 Mt of mineable ore reserves (BCI on ASX on 10 December 2012). Based on the expanded 6 Mtpa production rate (BCI on ASX on 10 December 2012) and the updated ore reserve, the project currently has a residual mine life of approximately 7 years. The 107.1 Mt resource estimate offers potential reserve upside which is currently being tested with further exploration and beneficiation test work. These exploration and beneficiation test programs, have the potential to further extend the project's mine life.



On 10 December 2012 BCI announced that it had successfully reached a binding agreement with FMG in respect of the Nullagine Iron Ore Joint Venture, the completion of which was announced by BCI on 18 December 2012. Further particulars of the transaction may be seen in BCI's announcements released on ASX. The more material terms, as released, include:

— Headline cash consideration of A$190 million, payable by BCI to FMG.

— Against payment of the headline consideration, the arrangements between BCI and FMG will be adjusted to reflect the following commercial terms:

- BCI's participating interest in the Nullagine Iron Ore Joint Venture will increase to 75 per cent., from its existing 50 per cent. interest.

- FMG will, through one of its subsidiaries, increase the contracted rail and port capacity made available to the Nullagine Iron Ore Joint Venture to 6 Mtpa, from 5 Mtpa, thereby increasing BCI's attributable production and infrastructure capacity by 80 per cent. to 4.5 Mtpa, from 2.5 Mtpa.

- BCI will, as part of the headline consideration, make a one off prepayment of rail haulage and port charges to FMG in respect of 3.5 million wet tonnes of iron ore.

- FMG will be provided with a price participation arrangement from 1 April 2013 to 30 September 2014, such that in the event that the "Platts Price" averages more than US$120 per dry metric tonne ("**dmt**") in a particular month, BCI must pay FMG 50 per cent. of the difference between the actual average Platts Price and US$120 per dmt, multiplied by BCI's increased average monthly production based on 6 Mtpa (i.e. 158,300 dmt per month).

- The existing Nullagine Iron Ore Joint Venture offtake arrangement with Henghou will remain unchanged for both BCI and FMG.

- In the event of a potential change of control transaction in respect of BCI or its project subsidiary, FMG will be given four (4) business days to match any bid, subject to compliance with relevant laws and fiduciary duties.

- Completion took place on 18 December 2012, with the revised arrangements becoming effective as of 1 January 2013.

BCI funded the above referenced transaction with FMG in respect of A$190 million, together with associated transaction costs from a combination of: (i) internal cash; (ii) up to A$57 million from an equity raise (of which A$47 million has been raised through an institutional placement and the balance is to be raised through a capped A$10 million share purchase plan); and (iii) US$130 million, from a senior secured 5 year term facility with ANZ and Commonwealth Bank of Australia.

Additional background information on BCI and the recently announced transaction with FMG can be found on BCI's web site www.bciron.com.au.

8 PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The Company is a limited liability company incorporated under the laws of the Cayman Islands whose Shares are listed on the HK Stock Exchange and are also traded on the OTC market (Freiverkehr) of the Frankfurt Stock Exchange. The Company is a diversified mining group focused, primarily, on the Asian region. Its principal assets and investments are located in Yunnan Province, China as well as the Pilbara region of Western Australia where the Company has strategic interests in BCI (20.10%, the subject of the Disposal Mandate) and Venturex Resources Limited (31.87%). The Company also has passive interests in a number of other mining companies.

9 TIMETABLE

18 December 2012	Publication of the possible very substantial disposal announcement
24 December 2012	Despatch of this circular
16 January 2013	Extraordinary General Meeting

This timetable is indicative only and is subject to change due to various factors, including regulatory approvals. The Company will notify Shareholders of any material change to the expected timetable if and when appropriate.

10 VERY SUBSTANTIAL DISPOSAL

In view of the fact that the aggregate amount of cash consideration to be received by the Company in respect of the exercise, in full, of the Disposal Mandate (even assuming a disposal price equivalent to the minimum selling price of A$3.20 per BCI Share) of up to 24,002,698 BCI Shares (being A$76,808,634 or approximately US$79,888,660 or HK$623,131,548) exceeds 75 per cent. of the Company's market capitalisation, the exercise of the Disposal Mandate will constitute a very substantial disposal of the Company and is therefore subject to reporting, announcement and shareholders' approval requirements under Chapter 14 of the HK Listing Rules.

The Disposal Mandate is conditional upon, *inter alia*, the passing of an ordinary resolution by the Shareholders approving such transaction pursuant to the HK Listing Rules at the Extraordinary General Meeting.

In the event that any purchaser of the Company's BCI Shares is a connected person of the Company, the Company will strictly comply with the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the HK Listing Rules.

Further announcement(s) on the disposal of the Company's holding of BCI Shares will be made if such disposal (or disposals aggregated since the date of (a) approval of the Disposal Mandate; or (b) an announcement relating to previous disposal(s) made pursuant to the Disposal Mandate, whichever is later) will constitute a discloseable transaction under the HK Listing Rules. The Company will also make an announcement as soon as possible after expiry of the Disposal Mandate.

To the best of the knowledge and belief of the Directors having made all reasonable enquiries, no Shareholder has a material interest in the Disposal Mandate or the exercise thereof. Accordingly, it is expected that no Shareholder is required to abstain from voting at the Extraordinary General Meeting.

11 GENERAL

The Company is not currently engaged in any discussion with any party to dispose of its holding in BCI and neither does the Company have any current intention to dispose of its BCI Shares within any particular timeframe. There is no assurance that the Company will proceed with the future disposal of its holding in BCI within a particular timeframe after obtaining the Disposal Mandate. Whether and when the Company will embark on such future disposal or disposals will depend on a number of factors, including the prevailing market prices and conditions at the relevant time or times.

As exercise of the Disposal Mandate is subject to a number of factors, including approval from Shareholders, the future disposal of BCI Shares may or may not proceed. Shareholders and potential investors should therefore exercise caution when dealing in the Shares.

12 EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting is convened by the Company for the Shareholders to consider and, if thought fit, approve the Disposal Mandate and the exercise thereof.

As noted above, to the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Shareholder has a material interest in the Disposal Mandate or the exercise thereof. Accordingly, it is expected that no Shareholder is required to abstain from voting at the Extraordinary General Meeting in respect of the proposed resolution approving the Disposal Mandate.

The EGM Notice is set out in pages 88 to 90 of this circular. Whether or not you are able to attend the meeting, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return it, accompanied by the power of attorney (if applicable) or other authority (if any) under which it is signed or a certified copy of that power of attorney, to the Company Secretary at the Company's principal place of business in Hong Kong as soon as possible but in any event not later than 11:00 a.m. on Monday, 14 January 2013. Completion and return of the form of proxy will not prevent you from attending and voting in person at the meeting or any adjourned meeting if you so wish.

Under Article 66 of the Articles of Association, subject to any special rights or restrictions as to voting for the time being attached to any Shares by or in accordance with the Articles of Association, at any general meeting on a show of hands every member present in person (or being a corporation, present by a representative duly authorised), or by proxy shall have one vote and on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid Share of which he is the holder but so that no amount paid up or credited as paid up on a Share in advance of calls or instalments is treated for the foregoing purposes as paid up on the Share. Where a member is, under the HK Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

A resolution put to the vote of a meeting shall be decided on a show of hands unless a poll is required under the HK Listing Rules or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

a. by the chairman of such meeting; or

b. by at least three members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy for the time being entitled to vote at the meeting; or

c. by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and representing not less than one-tenth of the total voting rights of all members having the right to vote at the meeting; or

d. by a member or members present in person or in the case of a member being a corporation by its duly authorised representative or by proxy and holding Shares in the Company conferring a right to vote at the meeting being Shares on which an aggregate sum has been paid up equal not less than one-tenth of the total sum paid up on all Shares conferring that right.

A demand by a person as proxy for a member or in the case of a member being a corporation by its duly authorised representative shall be deemed to be the same as a demand by a member.

According to Rule 13.39(4) of the HK Listing Rules, the chairman of the Extraordinary General Meeting will demand a poll on all resolutions proposed at the meeting.

13 DIRECTORS' RECOMMENDATION

The Directors consider that the Disposal Mandate is fair and reasonable and in the best interests of the Group and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders vote in favour of the resolution proposed at the Extraordinary General Meeting.

All Directors of the Company intend to vote any Shares in respect of which they have the power to direct a vote in favour of the resolution to be put to Shareholders in relation to the Disposal Mandate.

14 ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully
On behalf of the Board of
Regent Pacific Group Limited

James Mellon
Co-Chairman

1 FINANCIAL INFORMATION OF THE GROUP

Set out below are the unaudited condensed consolidated financial information of Regent Pacific Group Limited and its subsidiaries for the years ended 31 December 2009, 2010 and 2011, and the six months ended 30 June 2012 (the "Financial Information of the Group"). The Financial Information of the Group has been prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on the HK Stock Exchange ("LR 14.68(2)(a)(i)") and the basis set out in note 1 to the Financial Information of the Group. The Company's auditor, BDO Limited, has reviewed the Financial Information of the Group in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants and concluded that nothing has come to their attention that causes them to believe that the Financial Information of the Group is not prepared, in all material respects, in accordance with accounting policies adopted by the Company as set out in its audited consolidated financial statements as at 31 December 2011, and the basis of preparation set out in note 1 to the Financial Information of the Group.

The financial information of the Group for the six months ended 30 June 2012 were extracted from the published interim report of the Group (pages 2-10). The financial information of the Group for three years ended 31 December 2011, 2010 and 2009 were extracted from the published audited financial statements of the Group (pages 54-63), (pages 55-63) and (pages 69-77) for such period respectively. All of the financial statements have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.regentpac.com).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2012 and the years ended 31 December 2011, 2010 and 2009

	Note	Six months ended 30 June 2012	Year ended 31 December 2011	2010	2009
		US$'000	US$'000	US$'000	US$'000
Continuing operations					
Revenue/Turnover:					
Corporate investment income		349	4,310	4,685	254
Other income		57	359	647	673
		406	4,669	5,332	927
Fair value (loss)/gain on financial instruments	2	(30,640)	(29,284)	55,826	19,626
Total income		(30,234)	(24,615)	61,158	20,553
Expenses:					
Employee benefit expenses		(4,684)	(8,018)	(21,008)	(10,063)
Rental and office expenses		(456)	(717)	(374)	(479)
Information and technology expenses		(135)	(251)	(244)	(363)
Marketing costs and commissions		(17)	(81)	(19)	(14)
Professional and consulting fees		(346)	(764)	(994)	(3,305)
Transaction cost on termination of acquisition of BCI		—	(5,487)	—	—
Financial advisory fee		—	—	(1,000)	
Finance costs		—	—	(2)	(170)
Other operating expenses		(955)	(1,521)	(1,519)	(1,117)
Operating (loss)/gain before impairment loss and provision		(36,827)	(41,454)	35,998	5,042
Provision for impairment on loan receivables		—	(4,345)	—	—
Write down for termination of Indonesian transaction		—	—	—	(6,384)
Impairment loss on goodwill		—	(4,863)	—	—
Reversal of impairment loss on exploration and evaluation assets		—	—	912	—
Impairment loss on available-for-sale financial assets		—	—	(28)	—

		Six months ended 30 June	Year ended 31 December		
		2012	2011	2010	2009
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Operation (loss)/profit		(36,827)	(50,662)	36,882	(1,342)
Gain on disposal of a jointly controlled entity and Zhun Dong Coal Project		—	—	19,834	—
Gain on disposal of the Yinzishan Mining Project		—	2,401	—	—
Share of results of associates		388	1,705	2,915	3,447
Share of profit of a jointly controlled entity		—	—	3,007	9,092
(Loss)/Profit before taxation		(36,439)	(46,556)	62,638	11,197
Taxation		—	—	(1,000)	—
(Loss)/Profit for the period/year from continuing operations		(36,439)	(46,556)	61,638	11,197
Discontinued operations					
Operating loss		—	(3,758)	(1,866)	—
Gain on disposal of the Ji Ri Ga Lang Coal Project		4,409	—	—	—
Taxation		(991)	—	—	—
Profit/(Loss) for the period/year from discontinued operations		3,418	(3,758)	(1,866)	—
(Loss)/Profit for the period/year		(33,021)	(50,314)	59,772	11,197
Other comprehensive income					
Reclassified to profit or loss on disposal of available-for-sale financial assets		—	(6,858)	92	—
Unrealised (loss)/gain in available-for-sale financial assets		(1,027)	—	5,563	750
Exchange (loss)/gain on translation of financial statement of foreign operations		(23)	918	87	6
Reversal of exchange reserve upon disposal of subsidiaries		(110)	—	—	—

	Note	Six months ended 30 June 2012 US$'000	Year ended 31 December 2011 US$'000	2010 US$'000	2009 US$'000
Reversal of exchange reserve upon disposal of the Yinzishan Mining Project		—	(225)	—	—
Reversal of exchange reserve upon disposal of a jointly controlled entity and Zhun Dong Coal Project		—	—	(4,610)	—
Share of other comprehensive income of associates		(47)	1,829	507	2
Share of other comprehensive income of a jointly controlled entity		—	—	1,044	(127)
Other comprehensive income for the period/year		(1,207)	(4,336)	2,683	631
Total comprehensive income for the period/year		(34,228)	(54,650)	62,455	11,828
(Loss)/Profit for the period/year attributable to:					
Shareholders of the Company		(32,865)	(48,527)	59,792	11,052
Non-controlling interests		(156)	(1,787)	(20)	145
		(33,021)	(50,314)	59,772	11,197
(Loss)/Profit attributable to shareholders of the Company arises from:					
Continuing operations		(36,283)	(46,396)	61,769	11,052
Discontinued operations-Ji Ri Ga Lang Coal Project		3,418	(2,131)	(1,977)	—
		(32,865)	(48,527)	59,792	11,052

		Six months ended 30 June	Year ended 31 December		
		2012	**2011**	**2010**	**2009**
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Total comprehensive income attributable to:					
Shareholders of the Company		(34,070)	(53,371)	62,498	11,658
Non-controlling interests		(158)	(1,279)	(43)	170
		(34,228)	(54,650)	62,455	11,828
Total comprehensive income attributable to shareholders of the Company arises from:					
Continuing operations		(37,488)	(51,732)	64,585	11,658
Discontinued operations-Ji Ri Ga Lang Coal Project		3,418	(1,639)	(2,087)	—
		(34,070)	(53,371)	62,498	11,658

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2012 and 31 December 2011, 2010 and 2009

		As at 30 June	As at 31 December		
		2012	2011	2010	2009
	Note	*US$'000*	*US$'000*	*US$'000*	*US$'000*
ASSETS AND LIABILITIES					
Non-current assets					
Goodwill		—	—	12,256	14,132
Exploration and evaluation assets		—	—	9,485	8,187
Property, plant and equipment		344	296	558	983
Interests in associates		24,692	24,727	22,487	19,508
Interest in a jointly controlled entity		—	—	—	36,889
Available-for-sale financial assets		10,938	9,287	7,025	1,597
		35,974	34,310	51,811	81,296
Current assets					
Cash and bank balances		12,552	16,412	123,816	3,085
Financial assets at fair value through profit or loss	2	91,139	126,026	114,080	26,368
Account receivables		—	—	43	43
Loan receivables		—	—	4,345	4,345
Prepayments, deposits and other receivables		6,573	10,034	6,090	52,749
Amount due from minority interests		—	—	852	—
Derivative financial instruments		2,349	1,975	—	38
Assets classified as held for sale — Ji Ri Ga Lang Coal Project		—	17,728	—	65,305
		112,613	172,175	249,226	151,933

	Note	As at 30 June 2012 US$'000	As at 31 December 2011 US$'000	2010 US$'000	2009 US$'000
Current liabilities					
Trade payables, deposit received, accruals and other payables		(3,451)	(5,534)	(17,909)	(6,102)
Dividend payable		—	(13,463)	(10,050)	—
Amount due to minority interests		—	—	—	(44)
Deferred tax liabilities		—	—	—	(324)
Derivative financial instruments		—	(491)	(740)	—
Borrowing		—	—	—	(27)
Liabilities directly associated with assets classified as held for sale		—	(3,649)	—	(63)
		(3,451)	(23,137)	(28,699)	(6,560)
Net current assets		109,162	149,038	220,527	145,373
Total assets less current liabilities		145,136	183,348	272,338	226,669
Non-current liabilities					
Borrowings		—	—	—	(8)
NET ASSETS		145,136	183,348	272,338	226,661
EQUITY					
Capital and reserves attributable to shareholders of the Company					
Share capital		34,857	34,857	39,109	39,486
Reserves		110,205	147,167	230,626	184,529
Equity attributable to shareholders of the Company		145,062	182,024	269,735	224,015
Non-controlling interests		74	1,324	2,603	2,646
TOTAL EQUITY		145,136	183,348	272,338	226,661

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Equity attributable to shareholders of the Company											
2012	**Share capital** *US$'000*	**Accumulated losses** *US$'000*	**Share premium** *US$'000*	**Share-based payment reserve** *US$'000*	**Capital redemption reserve** *US$'000*	**Investment revaluation reserve** *US$'000*	**Statutory reserve** *US$'000*	**Shares held for share award scheme** *US$'000*	**Foreign currency exchange reserve** *US$'000*	**Total** *US$'000*	**Non-controlling interests** *US$'000*	**Total equity** *US$'000*
At 1 January 2012	34,857	(195,086)	333,825	3,667	8,228	—	981	(7,754)	3,306	182,024	1,324	183,348
Shares purchased for share award scheme	—	—	—	—	—	—	—	(4,814)	—	(4,814)	—	(4,814)
Distribution of shares awarded	—	35	—	(280)	—	—	—	245	—	—	—	—
Disposal of the Ji Ri Ga Lang Coal Project	—	—	—	—	—	—	—	—	—	—	(1,092)	(1,092)
Share-based payment	—	—	—	1,922	—	—	—	—	—	1,922	—	1,922
Share options forfeited	—	88	—	(88)	—	—	—	—	—	—	—	—
Share awards forfeited	—	158	—	(158)	—	—	—	—	—	—	—	—
Transactions with shareholders	—	281	—	1,396	—	—	—	(4,569)	—	(2,892)	(1,092)	(3,984)
Loss for the period	—	(32,865)	—	—	—	—	—	—	—	(32,865)	(156)	(33,021)
Other comprehensive income												
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	(21)	(21)	(2)	(23)
Reclassified to profit or loss on disposal of the Ji Ri Ga Lang Coal Project	—	—	—	—	—	—	—	—	(110)	(110)	—	(110)
Share of reserve of associates	—	—	—	(7)	—	—	—	—	(40)	(47)	—	(47)
Unrealised loss on available-for-sale financial assets	—	—	—	—	—	(1,027)	—	—	—	(1,027)	—	(1,027)
Total comprehensive income for the period	—	(32,865)	—	(7)	—	(1,027)	—	—	(171)	(34,070)	(158)	(34,228)
At 30 June 2012	34,857	(227,670)	333,825	5,056	8,228	(1,027)	981	(12,323)	3,135	145,062	74	145,136

For the year ended 31 December 2011

	Attributable to shareholders of the Company											
2011	Share capital *US$'000*	Accumulated losses *US$'000*	Share premium *US$'000*	Share-based payment reserve *US$'000*	Capital redemption reserve *US$'000*	Investment revaluation reserve *US$'000*	Statutory reserve *US$'000*	Shares held for share award scheme *US$'000*	Foreign currency exchange reserve *US$'000*	Total *US$'000*	Non-controlling interests *US$'000*	Total equity *US$'000*
At 1 January 2011	39,109	(146,754)	357,949	3,575	8,228	6,858	177	(1,503)	2,096	269,735	2,603	272,338
Shares repurchased	(4,252)	—	(10,659)	—	—	—	—	—	—	(14,911)	—	(14,911)
Distribution of shares awarded	—	168	—	(1,454)	—	—	—	1,286	—	—	—	—
Shares purchased for share award scheme	—	—	—	—	—	—	—	(7,537)	—	(7,537)	—	(7,537)
Dividend payment	—	—	(13,465)	—	—	—	—	—	—	(13,465)	—	(13,465)
Share-based payment	—	—	—	1,588	—	—	—	—	—	1,588	—	1,588
Share options forfeited	—	27	—	(27)	—	—	—	—	—	—	—	—
Share of reserve of an associate	—	—	—	(15)	—	—	—	—	—	(15)	—	(15)
Transactions with shareholders	(4,252)	195	(24,124)	92	—	—	—	(6,251)	—	(34,340)	—	(34,340)
Loss for the year	—	(48,527)	—	—	—	—	—	—	—	(48,527)	(1,787)	(50,314)
Other comprehensive income												
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	410	410	508	918
Reclassified to profit or loss on disposal of the Yinzishan Mining Project	—	—	—	—	—	—	—	—	(225)	(225)	—	(225)
Share of reserve of associates	—	—	—	—	—	—	804	—	1,025	1,829	—	1,829
Reclassified to profit or loss on disposal of available-for-sale financial assets	—	—	—	—	—	(6,858)	—	—	—	(6,858)	—	(6,858)
Total comprehensive income for the year	—	(48,527)	—	—	—	(6,858)	804	—	1,210	(53,371)	(1,279)	(54,650)
At 31 December 2011	34,857	(195,086)	333,825	3,667	8,228	—	981	(7,754)	3,306	182,024	1,324	183,348

For the year ended 31 December 2010

	Attributable to shareholders of the Company											
2010	Share capital	Accumulated losses	Share premium	Share-based payment reserve	Capital redemption reserve	Investment revaluation reserve	Statutory reserve	Shares held for share award scheme	Foreign currency exchange reserve	Total	Non-controlling interests	Total equity
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*
At 1 January 2010	39,486	(206,526)	373,798	3,437	7,851	1,203	177	(456)	5,045	224,015	2,646	226,661
Share repurchased	(377)	(377)	(778)	—	377	—	—	—	—	(1,155)	—	(1,155)
Distribution of shares awarded	—	32	—	(184)	—	—	—	152	—	—	—	—
Share purchased for share award scheme	—	—	—	—	—	—	—	(1,199)	—	(1,199)	—	(1,199)
Dividend payment	—	—	(15,071)	—	—	—	—	—	—	(15,071)	—	(15,071)
Share-based payment	—	—	—	569	—	—	—	—	—	569	—	569
Share option forfeited	—	325	—	(325)	—	—	—	—	—	—	—	—
Share of reserve of an associate	—	—	—	78	—	—	—	—	—	78	—	78
Transactions with shareholders	(377)	(20)	(15,849)	138	377	—	—	(1,047)	—	(16,778)	—	(16,778)
Profit for the year	—	59,792	—	—	—	—	—	—	—	59,792	(20)	59,772
Other comprehensive income												
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	110	110	(23)	87
Reclassified to profit and loss for the disposal of a jointly controlled entity and the Zhun Dong Coal Project	—	—	—	—	—	—	—	—	(4,610)	(4,610)	—	(4,610)
Share of reserve of a jointly controlled entity	—	—	—	—	—	—	—	—	1,044	1,044	—	1,044
Share of reserve of associates	—	—	—	—	—	—	—	—	507	507	—	507
Reclassified to profit or loss on disposal of available-for-sale financial assets	—	—	—	—	—	92	—	—	—	92	—	92
Impairment loss	—	—	—	—	—	(2)	—	—	—	(2)	—	(2)
Unrealised gain in available-for-sale financial assets	—	—	—	—	—	5,565	—	—	—	5,565	—	5,565
Total comprehensive income for the year	—	59,792	—	—	—	5,655	—	—	(2,949)	62,498	(43)	62,455
At 31 December 2010	39,109	(146,754)	357,949	3,575	8,228	6,858	177	(1,503)	2,096	269,735	2,603	272,338

For the year ended 31 December 2009

2009	Share capital	Accumulated losses	Share premium	Share-based payment reserve	Preference shares reserve	Capital redemption reserve	Investment revaluation reserve	Statutory reserve	Shares held for share award scheme	Foreign currency exchange reserve	Total	Minority interests	Total equity
	Attributable to owners of the Company												
	US$'000	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*US$'000*	*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 purchase for share award scheme	—	—	(16)	—	—	—	—	—	(456)	—	(472)	—	(472)
Dividend payment	—	—	(2,547)	—	—	—	—	—	—	—	(2,547)	—	(2,547)
Share-based payment	—	740	—	(244)	—	—	—	—	—	—	496	—	496
Share of reserve of an associate	—	—	—	10	—	—	—	—	—	—	10	—	10
Transactions with shareholders	538	740	(1,135)	(234)	(140)	—	—	—	(456)	—	(687)	—	(687)
Profit for the year	—	11,052	—	—	—	—	—	—	—	—	11,052	145	11,197
Other comprehensive income													
Foreign currency translation adjustment	—	—	—	—	—	—	—	—	—	(19)	(19)	25	6
Share of reserve of a jointly controlled entity	—	—	—	—	—	—	—	—	—	(127)	(127)	—	(127)
Share of reserve of associates	—	—	—	—	—	—	—	—	—	2	2	—	2
Unrealised gain in available-for-sale financial assets	—	—	—	—	—	—	750	—	—	—	750	—	750
Total comprehensive income for the year	—	11,052	—	—	—	—	750	—	—	(144)	11,658	170	11,828
At 31 December 2009	39,486	(206,526)	373,798	3,437	—	7,851	1,203	177	(456)	5,045	224,015	2,646	226,661

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2012 and the financial years ended 31 December 2011, 2010 and 2009

		Six months ended 30 June	Year ended 31 December		
		2012	**2011**	**2010**	**2009**
	Notes	*US$'000*	*US$'000*	*US$'000*	*US$'000*
Net cash used in operating activities		(5,608)	(73,587)	(36,407)	(36,229)
Net cash generated from/(used in) investing activities		19,923	(2,086)	162,335	(9,125)
Net cash used in financing activities		(18,277)	(32,500)	(7,412)	(6,698)
Net (decrease)/increase in cash and cash equivalents		(3,962)	(108,173)	118,516	(52,052)
Cash and cash equivalents at the beginning of the period/year		16,554	123,816	5,238	57,399
Effects of foreign currency fluctuations		(40)	911	62	(109)
Cash and cash equivalents at the end of the period/year		12,552	16,554	123,816	5,238
Represented by:					
Cash and bank balances		12,552	16,412	123,816	3,085
Cash and bank balances classified as held for sale		—	142	—	2,153
		12,552	16,554	123,816	5,238

Notes to the Financial Information of the Group

1 BASIS OF PREPARATION OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

The Financial Information of the Group was prepared in accordance with paragraph 68(2)(a)(i) of Chapter 14 of the Rules Governing the Listing of Securities on the HK Stock Exchange and solely for the purpose of inclusion in the Circular in connection with the possible future disposal of BCI.

The Financial Information of the Group has been prepared in accordance with the accounting policies of the Company adopted in the preparation of its consolidated financial statements, which conform with the recognition and measurement requirements in Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants.

2 THE GROUP'S INTERESTS IN BCI

	Six months ended 30 June	**Year ended 31 December**		
	2012	**2011**	**2010**	**2009**
	US$'000	*US$'000*	*US$'000*	*US$'000*
(Losses)/Gains recognised in the statements of comprehensive income in relation to the BCI interests:				
Unrealised (loss)/gain arising from change in the fair value of BCI interests	(1,681)	(8,312)	29,635	1,908
Realised gain on disposal of BCI interests	3	—	84	—
	US cent	*US cent*	*US cent*	*US cent*
(Loss)/Earnings per share from operations of BCI interests				
Basic and diluted per share	(0.04)	(0.23)	0.77	0.05
	US$'000	*US$'000*	*US$'000*	*US$'000*
Carrying amount recognised in the statements of financial position in relation to BCI interests	61,926	56,626	54,801	14,409

The (losses)/gains recognised shown above were grouped into the fair value loss/(gain) from financial instrument of the consolidated statements of comprehensive income of the Group. And the carrying amount recognised above were grouped into the financial assets at fair value through profit or loss of the consolidated financial position of the Group.

3 MATERIAL CHANGE

Save as otherwise provided herein, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2011, being the date to which the Group's latest published audited accounts were made up.

1 LETTER FROM THE REPORTING ACCOUNTANTS ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

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永安中心25樓

24 December 2012

The Directors
Regent Pacific Group Limited
8th Floor
Henley Building
5 Queen's Road Central
Hong Kong

Dear Sirs,

Accountants' Report on the Unaudited Pro Forma Financial Information of the Remaining Group

Introduction

We report on the unaudited pro forma financial information (the "**Unaudited Pro Forma Financial Information**") of Regent Pacific Group Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") in connection with the possible future disposal of the Company's entire holding in BC Iron Limited (the "**Disposal**") (the "**Sale Shares**"). The Unaudited Pro Forma Financial Information have been prepared by the directors of the Company for illustrative purposes only, to provide information about how the Disposal might have affected the financial information presented, for inclusion in Section 2 of Appendix II of the Company's circular dated 24 December 2012 (the "**Circular**"). The Group without the Sale Shares is referred to as the "**Remaining Group**". The basis of preparation of the Unaudited Pro Forma Financial Information is set out in the section headed "Unaudited Pro Forma Financial Information of the Remaining Group" on pages 34 to 43 in Appendix II to the Circular.

Respective responsibilities of directors of the Company and reporting accountants

It is the responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

It is our responsibility to form an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements (HKSIR) 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the HKICPA. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Our work did not constitute an audit or review made in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA, and accordingly, we do not express any such assurance on the Unaudited Pro Forma Financial Information.

The Unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgements and assumptions of the directors of the Company, and because of its hypothetical nature, does not give any assurance or indication that any event will take place in the future and may not be indicative of

— the financial position of the Remaining Group as at 30 June 2012 or any future date, or

— the results and cash flows of the Remaining Group for the year ended 31 December 2011 or any future periods.

Opinion

In our opinion:

a. the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

b. such basis is consistent with the accounting policies of the Group; and

c. the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,

BDO Limited
Certified Public Accountants
Jonathan Russell Leong
Practising Certificate Number P03246
Hong Kong

2 THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

(I) Unaudited pro forma statement of financial position of the Remaining Group upon completion of the Possible Transactions

(A) *Introduction*

The unaudited pro forma statement of financial position of the Remaining Group has been prepared to illustrate the effect of the possible very substantial disposal of shares in BCI. The BCI shares are listed on the ASX. As at 18 December 2012, the date when the Directors announced the possible very substantial disposal of shares in BCI, the Group beneficially owned 24,002,698 BCI Shares, representing approximately 20.10% equity interest of BCI. Depending on prevailing market conditions, the Group may from time to time in the future to dispose of the BCI Shares. The disposal of all the BCI Shares may constitute a very substantial disposal of the Company under Chapter 14 of the Listing Rules and requires shareholders' approval in general meeting of the Company. Hereinafter the possible disposal of the BCI Shares are referred to as the "Possible Transactions".

To allow flexibility in effecting future disposals of the BCI Shares at appropriate times, the Company proposes to seek from the shareholders a disposal mandate authorizing the Board to effect disposal(s) from time to time of the BCI Shares. The mandate is for a period of 12 months from the passing of the relevant resolution at the special general meeting to be held in January 2013. The mechanism for setting selling price is the selling price per BCI Share that is to be sold shall represent no more than 7% discount to the average closing price of the BCI Share in the five (5) consecutive trading days immediately prior to the date of the relevant sale and purchase agreement.

The unaudited pro forma statement of financial position of the Remaining Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purposes of illustrating the effect of the Possible Transactions as if the Possible Transactions took place on 30 June 2012.

The unaudited pro forma statement of financial position of the Remaining Group is based upon the unaudited consolidated statement of financial position of the Group as at 30 June 2012, which has been extracted from the interim results announcement of the Group for the six months ended 30 June 2012 (the "**Interim Report**"), after making pro forma adjustments relating to the Possible Transactions that are (i) directly attributable to the Possible Transactions; and (ii) factually supportable.

The unaudited pro forma statement of financial position of the Remaining Group is based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying unaudited pro forma statement of financial position of the Remaining Group does not purport to describe the actual financial position of the Remaining Group that would have been attained had the Possible Transactions been completed on 30 June 2012. The unaudited pro forma statement of financial position of the Remaining Group does not purport to predict the future financial position of the Remaining Group.

The unaudited pro forma statement of financial position of the Remaining Group should be read in conjunction with the historical information of the Group as set out in the unaudited consolidated financial statements of the Group for the six months ended 30 June 2012 set out in the Interim Report and other financial information included elsewhere in the Circular.

The statement has been prepared by the Directors for illustrative purposes only and because of its nature, it may not give a true picture of financial position of the Remaining Group following completion of the Possible Transactions.

(B) ***Unaudited pro forma statement of financial position***

	Unaudited financial position of the Group as at 30 June 2012 *US$'000*	**Pro forma adjustment** *US$'000* *Note (a)*	**Pro forma financial position of The Remaining Group** *US$'000*
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill	—		—
Exploration and evaluation assets	—		—
Property, plant and equipment	344		344
Interests in associates	24,692		24,692
Available-for-sale financial assets	10,938		10,938
	35,974		35,974
Current assets			
Cash and bank balances	12,552	79,889	92,441
Financial assets at fair value through profit or loss	91,139	(61,926)	29,213
Loan receivables	—		—
Prepayments, deposits and other receivables	6,573		6,573
Derivative financial instruments	2,349		2,349
Assets classified as held for sale	—		—
	112,613		130,576
Current liabilities			
Trade payables, deposit received, accruals and other payables	(3,451)	(12,629)	(16,080)
Dividend payable	—		—
Derivative financial instruments	—		—
Liabilities directly associated with assets classified as held for sale	—		—
	(3,451)		(16,080)

	Unaudited financial position of the Group as at 30 June 2012	Pro forma adjustment	Pro forma financial position of The Remaining Group
	US$'000	*US$'000*	*US$'000*
		Note (a)	
Net current assets	109,162		114,496
Total assets less current liabilities	145,136		150,470
NET ASSETS	145,136		150,470
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	34,857		34,857
Reserves	110,205	5,334	115,539
Equity attributable to shareholders of the Company	145,062		150,396
Non-controlling interests	74		74
TOTAL EQUITY	145,136		150,470

Note:

(a) The adjustment reflects the estimated cash proceeds of approximately US$79,888,660 which is calculated by assuming the minimum selling price of A$3.20 per BCI Share in respect of 24,002,698 BCI Shares. The estimated related expenses of approximately US$12,628,636 in connection with the Possible Transactions is an estimate only and has been arrived at based on the Company's understanding of the likely costs, expenses and potential taxes payable in respect of the Possible Transactions. The estimated gain of the Possible Transactions of approximately US$5,333,639 is calculated by deducting (i) the carrying amount of the BCI Shares of approximately US$61,926,385 as at 30 June 2012; and (ii) the estimated related expenses and taxes of approximately US$12,628,636 for the disposal of BCI Shares by the estimated sales proceeds of US$79,888,660. The final amount of proceeds would be subject to the prevailing market price of the BCI Shares, the exchange rate between A$ and US$ and the discount, if any, offered for setting the selling price at the actual date of disposal, which may be different from that at 30 June 2012. As a result, the gain on disposal of the BCI Shares may be different from the amount described above.

(II) Unaudited pro forma statement of comprehensive income and unaudited pro forma statement of cash flows of the Remaining Group upon completion of the Possible Transactions

(A) *Introduction*

The unaudited pro forma statement of comprehensive income and unaudited pro forma statement of cash flows of the Remaining Group have been prepared to illustrate the effect of the Possible Transactions.

The unaudited pro forma statement of comprehensive income and unaudited pro forma statement of cash flows of the Remaining Group has been prepared in accordance with Rule 4.29 of the Listing Rules for the purposes of illustrating the effect of the Possible Transactions as if the Possible Transactions had taken place at 1 January 2011.

The unaudited pro forma statement of comprehensive income and unaudited pro forma statement of cash flows of the Remaining Group are based upon the audited consolidated statement of comprehensive income and audited consolidated statement of cash flows of the Group for the year ended 31 December 2011, which have been extracted from the audited consolidated financial statements of the Group for the year ended 31 December 2011 (the "**Annual Report**"), after making pro forma adjustments relating to the Possible Transactions that are (i) directly attributable to the Possible Transactions; and (ii) factually supportable..

The unaudited pro forma statement of comprehensive income and unaudited pro forma statement of cash flows of the Remaining Group are based on a number of assumptions, estimates and uncertainties. Accordingly, the accompanying unaudited pro forma statement of comprehensive income and unaudited pro forma statement of cash flows of the Remaining Group do not purport to describe the actual results and cash flows of the Remaining Group that would have been attained had the Possible Transactions been completed at 1 January 2011 or to predict the future results and cash flows of the Remaining Group.

The unaudited pro forma statement of comprehensive income and unaudited pro forma statement of cash flows of the Remaining Group should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2011 set out in the Annual Report and other financial information included elsewhere in this Circular.

The statements have been prepared by the Directors for illustrative purposes only and because of its nature, it may not give a true picture of the results and cash flows of the Remaining Group had the Possible Transactions actually occurred at 1 January 2011 or for any future period.

(B) ***Unaudited pro forma statement of comprehensive income***

	Audited results of the Group for the year ended 31 December 2011	**Pro forma adjustments**		**Pro forma results of the Remaining Group**
	US$'000	*US$'000*	*US$'000*	*US$'000*
		Note (b)	*Note (c)*	
Continuing operations				
Revenue/ Turnover				
Corporate investment income	4,310			4,310
Other income	359			359
	4,669			4,669
Fair value loss on financial instruments	(29,284)	8,312	6,414	(14,558)
Total income	(24,615)			(9,889)
Expenses:				
Employee benefit expenses	(8,018)			(8,018)
Rental and office expenses	(717)			(717)
Information and technology expenses	(251)			(251)
Marketing costs and commissions	(81)			(81)
Professionals and consulting fees	(764)			(764)
Transaction cost on termination of acquisition of BCI	(5,487)			(5,487)
Transaction cost on disposal of BCI	—		(1,397)	(1,397)
Other operating expenses	(1,521)			(1,521)
Operating loss before impairment loss and provision	(41,454)			(28,125)
Provision for impairment on loan receivables	(4,345)			(4,345)
Impairment loss on goodwill	(4,863)			(4,863)
Operating loss	(50,662)			(37,333)

	Audited results of the Group for the year ended 31 December 2011	Pro forma adjustments		Pro forma results of the Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*
		Note (b)	*Note (c)*	
Gain on disposal of the Yinzishan Mining Project	2,401			2,401
Share of profits of associates	1,705			1,705
Loss before income tax	(46,556)			(33,227)
Taxation	—		(10,232)	(10,232)
Loss for the year from continuing operations	(46,556)			(43,459)
Discontinued operations				
Loss for the year from discontinued operations	(3,758)			(3,758)
Loss for the year	(50,314)			(47,217)
Other comprehensive income				
Reclassified to profit or loss on disposal of available-for-sale financial assets	(6,858)			(6,858)
Exchange gain on translation of financial statements of foreign operations	918			918
Reversal of exchange reserve upon disposal of the Yinzishan Mining Project	(225)			(225)
Share of other comprehensive income of associates	1,829			1,829
Other comprehensive income for the year	(4,336)			(4,336)
Total comprehensive income for the year	(54,650)			(51,553)

(C) ***Unaudited pro forma statement of cash flows***

	Audited cash flows of the Group for the year ended 31 December 2011	Pro forma adjustments		Pro forma results of the Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*
		Note (b)	*Note (c) and (d)*	
Cash flows from operating activities:				
Loss before income tax from continuing operations	(46,556)	8,312	6,414 (1,397)	(33,227)
Loss before income tax from discontinued operations	(3,758)			(3,758)
	(50,314)			(36,985)
Adjustments for:				
Depreciation of property, plant and equipment	99			99
Provision for impairment on loan receivables	4,345			4,345
Impairment loss on goodwill	4,863			4,863
Interest income on bank deposits	(632)			(632)
Provision for legal claims	3,269			3,269
Non-cash share-based payments	1,588			1,588
Share of profits of associates	(1,705)			(1,705)
Unrealised gain on derivative financial instruments	(1,484)			(1,484)
Unrealised loss on financial assets at fair value through profit or loss	43,448	(8,312)		35,136
Loss on disposal of property, plant and equipment	104			104
Gain on disposal of the Yinzishan Mining Project	(2,401)			(2,401)
Gain on disposal of available-for-sale financial assets	(6,412)			(6,412)
	(5,232)			(215)

	Audited cash flows of the Group for the year ended 31 December 2011	Pro forma adjustments		Pro forma results of the Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*
		Note (b)	*Note (c) and (d)*	
Changes in working capital				
Decrease in trade receivables	43			43
Decrease in prepayments, deposits and other receivables	2,665			2,665
Increase in derivative financial instruments	(740)			(740)
Increase in financial assets at fair value through profit or loss	(55,394)		61,215 (6,414)	(593)
Decrease in trade payables, accruals and other payables	(15,622)			(15,622)
Decrease in amounts due from minority shareholders	693			693
Cash used in operations	(73,587)			(13,769)
Income tax paid	—		(10,232)	(10,232)
Net cash used in operating activities	(73,587)			(24,001)
Cash flows from investing activities:				
Additions to exploration and evaluation assets	(1,811)			(1,811)
Purchase of property, plant and equipment	(255)			(255)
Purchase of available-for-sale financial assets	(9,268)			(9,268)
Proceeds from disposal of available-for-sale financial assets	6,560			6,560

	Audited cash flows of the Group for the year ended 31 December 2011	Pro forma adjustments		Pro forma results of the Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*
		Note (b)	*Note (c) and (d)*	
Proceeds from disposal of the Yinzishan Mining Project	3,782			3,782
Interest received from bank deposits	632			632
Increase in margin deposit placed with broker firms	(6,689)			(6,689)
Deposit received on disposal of assets classified as held for sale	3,634			3,634
Dividend received from associates	1,329			1,329
Net cash used in investing activities	(2,086)			(2,086)
Cash flows from financing activities:				
Dividend paid to shareholders	(10,052)			(10,052)
Shares repurchased	(14,911)			(14,911)
Shares purchased for share award scheme	(7,537)			(7,537)
Net cash used in financing activities	(32,500)			(32,500)
Net decrease in cash and cash equivalents	(108,173)			(58,587)
Cash and cash equivalents at the beginning of the year	123,816			123,816
Effects of foreign currency fluctuations	911			911

	Audited cash flows of the Group for the year ended 31 December 2011	Pro forma adjustments		Pro forma results of the Remaining Group
	US$'000	*US$'000*	*US$'000*	*US$'000*
		Note (b)	*Note (c) and (d)*	
Cash and cash equivalents at end of the year	16,554			66,140
Represented by:				
Cash and bank balances	16,412			65,998
Cash and bank balances classified as held for sale	142			142
	16,554			66,140

Notes:

(b) The adjustment reflects the exclusion of the unrealised loss on financial assets at fair value through profit or loss of approximately US$8,311,644 in respect of the BCI Shares for the year ended 31 December 2011, assuming that the Possible Transactions took place on 1 January 2011. As a result of the Possible Transactions took place on 1 January 2011, the adjustment is to reverse the unrealised loss on financial assets at fair value through profit or loss for the year in respect of the BCI Shares. The unrealised loss on the BCI Shares classified as financial assets at fair value through profit or loss of approximately US$8,311,644 is calculated taking into account (i) market price of the BCI Shares on 31 December 2010; and (ii) the market price of the BCI Shares on 31 December 2011.

(c) The adjustment reflects the estimated gain of approximately US$6,413,897 resulting from the disposal of the BCI Shares, assuming that the disposal of the BCI Shares had taken place on 1 January 2011 and the selling price is A$3.20 per BCI Share. For the purpose of this unaudited pro forma financial information, the selling price of A$3.20 per BCI Share is determined by the Directors. It should be noted that the market price per BCI Share as at 1 January 2011 was A$2.92, which was lower than the assumed selling price. It is assumed, for the purpose of this unaudited pro forma financial information, that the Group is able to sell the BCI Shares on 1 January 2011 at A$3.20 per BCI Share, even though this assumed price is higher than the market price of the BCI Shares at that date. The estimated gain of approximately US$6,413,897 is calculated taking into account (i) the market price of the BCI Shares of approximately US$54,801,413 as at 1 January 2011; and (ii) the estimated gross cash proceeds of approximately US$61,215,310, and the estimated related expenses and taxes for the disposal of the BCI Shares of approximately US$11,628,988. The final amount of proceeds would be subject to the prevailing market price of the BCI Shares and the discount offered for setting selling price at the actual date of disposal, which may be different from that at 1 January 2011. As a result, the gain on disposal of the BCI Shares may be different from the amount described above.

(d) The adjustment reflects the cash inflow amounting to approximately US$61,215,310 resulting from the Possible Transactions, assuming the Possible Transactions had taken place on 1 January 2011. For the purpose of this unaudited pro forma financial information, the selling price of A$3.20 per BCI Share is determined by the Directors.

1 MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL POSITION OF THE REMAINING GROUP

For the Period Ended 30 June 2012

Revenue and Profit

The Remaining Group recorded a net loss after tax and non-controlling interests of US$31.19 million for the six months ended 30 June 2012.

The corporate division recorded a loss of US$28.55 million for the six months ended 30 June 2012.

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

The main elements of the loss are analysed as follows:

	US$ (million)
Share of profit from Regent Markets	1.08
Share of loss from West China Coke	(0.69)
Gain on disposal of the JRGL Coal Project	4.41
Corporate investment	(35.28)
Coking coal	—
Metals mining	(0.71)
Total loss attributable to shareholders of the Company	(31.19)

Financial Position

After completion of the disposal of BCI, the Remaining Group has the investments in Regent Markets of US$4.37 million and West China Coke of US$20.32 million respectively. The Remaining Group's assets also comprised: (i) cash of US$92.44 million (including the proceeds from disposal of BCI of approximately US$79.89 million which is based on the minimum selling price of A$3.20 per BCI Share); (ii) listed and unlisted investments of US$40.15 million; (iii) derivatives financial instruments of US$2.35 million; and (iv) other assets and receivables of US$6.92 million.

The Remaining Group's cash and cash equivalent as at 30 June 2012 were composed of the following currencies:

	USD	AUD	RMB	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cash and bank balances	12,195	80,045	200	92,400

The Remaining Group's liabilities comprised payables and accruals of US$16.08 million (including the related expenses and taxes of approximately US$12.63 million for the disposal of BCI).

The Remaining Group has no borrowing as at 30 June 2012.

Future Prospects of the Group's Significant Investment

As previously announced, we are pleased to inform shareholders and potential investors that so far in the second half of this financial year, the Group has further increased its strategic position in Venturex Resources Limited ("**Venturex**") to 31.87 per cent. through participation in the recently completed entitlements issue and acquiring additional Venturex shares on-market (as announced by the Company on 2 August 2012) and the Group continues to be optimistic that Venturex will deliver value to shareholders over the coming years based on the fundamentals underpinning its projects. In particular, the Group sees the potential for Venturex to commence production at the end of 2014 and increase its resource base through ongoing exploration of known targets. In addition, the scale and favourable location of the Pilbara Copper-Zinc Project in Western Australia presents an attractive investment opportunity in a sophisticated and low risk regulatory environment. The Company hopes to assist Venturex to create a substantial platform from which to consolidate and grow in due course.

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

Funding

As at 30 June 2012, the Remaining Group held cash of US$92.44 million (including the proceeds from disposal of BCI of approximately US$79.89 million which is based on the minimum selling price of A$3.20 per BCI Share) and margin deposits of US$0.23 million with the Remaining Group's brokers for trading of derivatives. The cash and margin deposit amounts do not take into account the Remaining Group's holding of listed securities of US$30.32 million that are valued at 30 June 2012.

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

Gearing Ratio

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

Management of Risk

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

Foreign Exchange Risk

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

Charge on Assets

None of the Remaining Group's assets was pledged at 30 June 2012.

Financial Instruments

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

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

Material Acquisition and Disposal

Successful sale of the Remaining Group's interests in the JRGL Coal Project that closed in January 2012, which generated a realised gain of US$4.41 million.

Contingent Liabilities

There were no material contingent liabilities of the Remaining Group as at 30 June 2012.

Changes Since 30 June 2012

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

Employees

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

For the Year Ended 31 December 2011

Revenue and Profit

The Remaining Group recorded a net loss after tax and non-controlling interests of US$40.22 million for the year ended 31 December 2011.

The corporate division recorded a loss of US$16.31 million for the year ended 31 December 2011.

The Remaining Group's associates, Regent Markets and West China Coke, contributed a share of profit of US$0.49 million and US$1.22 million respectively to the Remaining Group.

The main elements of the loss are analysed as follows:

	US$ (million)
Share of profit from Regent Markets	0.49
Share of loss from West China Coke	1.22
Gain on disposal of Yinzishan Mining Project	2.40
Gain on disposal of Matthews International Capital Management LLC	6.41
Corporate investment	(36.53)
Coal mining and coking coal	(2.24)
Metals mining	(1.62)
Transaction costs on termination of acquisition of BCI	(5.49)
Write off of goodwill	(4.86)
Total loss attributable to shareholders of the Company	(40.22)

Financial Position

After completion of the disposal of BCI, the Remaining Group has the investments in Regent Markets of US$3.34 million and West China Coke of US$21.39 million. The Group's assets also comprised: (i) cash and bank balances of US$88.25 million (including the proceeds from disposal of BCI of approximately US$71.84 million which is based on the minimum selling price of A$3.20 per BCI Share), (ii) listed and unlisted investments of US$135.31million, (iii) assets held-for-sale of US$17.73 million, and (iv) other assets and receivables of US$11.81 million.

The Remaining Group's cash and cash equivalent as at 31 December 2011 were composed of the following currencies:

	USD	**AUD**	**RMB**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cash and bank balances	15,771	72,120	359	88,250

The Remaining Group's liabilities comprised (i) payables and accruals of US$17.63 million (including the related expenses and taxes of approximately US$12.10 million for the disposal of BCI), (ii) dividend payable of US$13.46 million, (iii) liabilities related to assets held-for-sale of US$3.65 million, and (iv) derivative financial instruments of US$0.49 million.

The Remaining has no borrowing as at 31 December 2011.

Future Prospects of the Group's Significant Investment

With market expectations of global growth of around 3.3% in 2012 and Chinese GDP of around 7.5%, we are still mindful short term uncertainties with the disorderly unwinding of the European government debt remaining one of the key downside risks. We expect market conditions will remain volatile in 2012, but there are two bright spots emerging with the United States showing stronger growth and Japan rebounding in activity following the impacts of the March 2011 tsunami. We therefore expect a protracted recovery for the developed world with European government debt weighing to the downside.

In China we are expecting a soft landing with growth in excess of 7.5 per cent. with monetary policy easing into 2012. We expect China will pursue targeted, albeit moderate measures to support balanced growth in its economy.

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

Going forward, we will drive growth by focusing on the enhancement of our core investments and by continuing to pursue accretive acquisition and investment opportunities. And our listed equity portfolio (which is marked to market) has had a pronounced and timely bounce back, recovering some of its 2011 losses, where realised and unrealised gains stand at approximately US$25.03 million for the two months ended 29 February 2012.

Our strategy remains the same and our strengthened balance sheet has us well positioned to deliver on this.

Funding

As at 31 December 2011, the Remaining Group had US$88.25 million in cash (including the proceeds from disposal of BCI of approximately US$71.84 million which is based on the minimum selling price of A$3.20 per BCI Share) and US$8.93 million on margin deposits held with the Remaining Group's brokers for trading of derivatives, which does not take into account the Remaining Group's holding of listed securities that amounted to US$69.40 million.

Gearing Ratio

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

Contingent Liabilitiees

The Remaining Group has no material contingent liabilities as at 31 December 2011.

Charge on Assets

None of the Remaining Group's assets was pledged as at 31 December 2011.

Management of Risk

In 2011, the most significant risk affecting the profitability and viability in respect of the Remaining Group is the continued success and revenue derived from its listed equity portfolio and in respect of the Remaining Group's interest in West China Coke. Risks relating to the Remaining Group's interests include:

Equity Markets

Global financial markets are continuing to experience significant levels of volatility, driven largely by macro economic imbalances stemming from the sovereign debt problems in the United States and Europe and the credit tightening in developing countries. As such, the future returns from the Remaining Group's equity portfolio are linked to the health of the macro environment for which the Remaining Group cannot control. Past returns from the listed equity portfolio cannot be used to judge the Remaining Group's future listed equity performance.

Price Risk

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

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

Co-operation of the Joint Venture Partners

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

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

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

Operational Risks

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

Uncertainties Related to Exploration

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

Licence Period of Exploration and Mining Rights

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

Capital Requirements and Funding Sources

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

Government Regulations

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

Political and Economic Considerations

Governments have been making efforts to promote reforms of their economic system and manage through the global financial issues. These reforms can bring about marked economic growth and social progress. However, revisions or amendments may be made to these policies and measures from time to time, and the Company is not in a position to predict whether any change in the political, economic or social conditions may adversely affect the operating results of the Remaining Group.

Legal Considerations

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

Competition for Resources

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

Foreign Exchange Risk

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

Interest Rate Risk

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

Environmental and Employee Health and Safety Risks

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

Accidents and Insufficient Insurance Coverage

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

Financial Instruments

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

In the course of the Remaining Group's normal operations, margin deposits of varying amounts of cash are held by the Remaining Group's brokers. As at 31 December 2011, the amount of these margin deposits was US$8,932,000 (2010: US$2,243,000). In terms of the total operations of the Remaining Group, activities of this nature are of limited materiality.

Foreign Currency

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

Material Acquisitions and Disposals

On 31 March 2011, the Remaining Group disposed of its entire equity interest in its subsidiaries, Regent Minerals Limited and Simao Regent Minerals Limited, which mainly held the Yinzishan Mining Project in Yunnan, PRC. Total consideration received from the disposal of the Yinzishan Mining Project was US$3.78 million, and the gain realised from the disposal was US$2.40 million.

Segmental Information

During the year ended 31 December 2011, there were no changes in the Remaining Group's industry segment. On 21 December 2011, the Company entered into a sale and purchase agreement for the disposal of its interests in the entire share capital of Regent Coal (BVI) Limited ("**Regent Coal (BVI)**") and Abagaqi Mining Company Limited ("**ACMC**"), which mainly holds the JRGL Coal Project, which represents the segment of coal mining. The segment of coal mining was presented as discontinued operations as a result of the disposal.

Employees

The Remaining Group, including subsidiaries but excluding associates, employed approximately 27 employees at 31 December 2011. The remuneration policy is to reward key employees by a combination of salaries, profit related discretionary bonuses, share options and share awards, where appropriate. For employees below Board level, remuneration will be determined by the Director(s) responsible for the division whilst, for Directors, remuneration is determined by the Remuneration Committee of the Company. In all cases, grants of share rewards will be agreed by the Remuneration Committee of the Company. During the year and up to the date of this report, 236,700,000 share awards were granted to eligible participants.

For the Year Ended 31 December 2010

Revenue and Profits

The Remaining recorded a net profit after tax and non-controlling interests of US$30.07 million for the year ended 31 December 2010. The net profit includes a realised gain of US$19.83 million from the disposal of the Company's interest in the Dapingzhang Mine and the ZD Coal Project.

Our income from the corporate investment division was exceptionally strong at US$31.44 million.

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

The main elements of the profit are analysed as follows:

	US$ (million)
Share of profit from YSSCCL	3.01
Share of profit from West China Coke	2.28
Share of profit from Regent Markets	0.64
Corporate investment	12.40
Coal mining and coking coal	(1.89)
Metals mining	(6.08)
Gain on disposal of a jointly controlled entity and the ZD Coal Project	19.83
Reversal of impairment loss on exploration and evaluation assets	0.91
Taxation	(1.00)
Impairment loss on available-for-sale financial assets	(0.03)
Total profit attributable to shareholders of the Company	30.07

Financial position

After completion of the disposal of BCI, the Remaining Group has the investments in Regent Markets of US$3.17 million and West China Coke of US$19.32 million. The Remaining Group's assets also comprised: (i) goodwill of US$12.26 million, (ii) exploration and evaluation assets of US$9.49 million, (iii) cash and bank balances of US$185.04 million (including the proceeds from disposal of BCI of approximately US$61.22 million which is based on the minimum selling price of A$3.20 per BCI Share), (iv) listed and unlisted investments of US$121.11 million, and (v) other assets and receivables of US$11.87 million.

The Remaining Group's cash and cash equivalent as at 31 December 2010 were composed of the following currencies:

	USD	**AUD**	**RMB**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cash and bank balances	122,892	62,148	—	185,040

The Remaining Group's liabilities comprised (i) payables and accruals of US$29.54 million (including the related expenses and taxes of approximately US$11.63 million for the disposal of BCI), (ii) dividend payable of US$10.05 million, and (iii) derivative financial instruments of US$0.74 million.

The remaining Group has no borrowing as at 31 December 2010.

Future Prospects of the Group's Significant Investment

Looking forward to 2011, we believe that global macroeconomic conditions and commodity supply conditions will support higher than average commodity prices. With global GDP growth forecast to be around 4 per cent. and with Chinese GDP growth forecast to remain above 9 per cent. over the coming years, coupled with the widely held view that interest rates will remain low in OECD (the Organisation for Economic Co-operation and Development) countries, we believe macroeconomic forces will continue to support direct investment into commodities. This two-speed pattern of global growth suggests a weak US$ and a higher real Chinese exchange rate, as a result of which commodity prices should continue to be supported.

We are reinvigorated with our strategy of building a Hong Kong-based mid tier mining house by adopting a diversified resources portfolio comprising bulk commodities, base metals, gold and uranium. We are running strongly and benefiting from favourable markets.

Funding

As at 31 December 2010, the Remaining Group had US$185.04 million in cash (including the proceeds from disposal of BCI of approximately US$61.22 million which is based on the minimum selling price of A$3.20 per BCI Share) and US$2.24 million on margin deposits held with the Remaining Group's brokers for trading of derivatives, which does not take into account the Remaining Group's holding of listed securities that amounted to US$114.08 million.

Gearing Ratio

No gearing ratio (being long term debts over total equity and long term debts) is calculated as there was no long term debt as at 31 December 2010.

Contingent Liabilitiees

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

Charge on Assets

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

Management of Risk

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

Price Risk

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

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

Co-operation of the Joint Venture Partners

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

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

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

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

Operational Risks

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

Uncertainties Related to Exploration

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

Licence Period of Exploration and Mining Rights

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

Capital Requirements and Funding Sources

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

Government Regulations

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

Political and Economic Considerations

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

Legal Considerations

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

Competition for Resources

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

Foreign Exchange Risk

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

Interest Rate Risk

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

Environmental and Employee Health and Safety Risks

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

Accidents and Insufficient Insurance Coverage

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

JRGL Coal Project — Conversion of Exploration Licence into Mining Licence

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

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

Cyclical Nature of Coal Markets and Fluctuations in Coal Prices

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

- domestic economic and political conditions and competition from other energy sources;
- the rate of growth and expansion in industries with high coal demand, such as the power and steel industries;
- the indirect influence on domestic coal prices by the PRC government through its regulation of on-grid tariffs and the allocation of transportation capacity on the national rail system; and
- the availability and pricing of imported coals in substituting and displacing domestic supplies.

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

Maximum Foreign Equity Holding Permitted in Coal Exploration and Mining

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

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

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

Financial Instruments

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

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

Foreign Currency

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

Material Acquisitions and Disposals

On 29 November 2010, the Remaining Group disposed of its entire equity interest in its subsidiaries, Regent Coal (HK) Limited and Xin Jiang Regent Coal Limited ("**XJ Regent or ZD Coal Project**"), which mainly held the ZD Coal Project in Xinjiang, PRC. Total consideration received from the disposal of the Zhun Dong Coal Project was US$74.24 million, and the gain realised from the disposal was US$7.59 million.

On 2 December 2010, the Remaining Group disposed of its entire equity interest in its subsidiary, Regent Metals Limited, which mainly held 40% equity interest in a jointly controlled entity, YSSCCL, in Yunnan, PRC. Consideration received from the disposal was US$63.18 million, and the gain realised from the disposal was US$12.24 million.

Segmental Information

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

Employees

The Remaining Group, including subsidiaries but excluding associates employed approximately 30 employees at 31 December 2010. The remuneration policy is to reward key employees by a combination of salaries, profit related discretionary bonuses, share options and share awards, where appropriate. For employees below Board level, remuneration will be determined by the Director(s) responsible for the division whilst, for Directors, remuneration is determined by the Remuneration Committee of the Company. In all cases, grants of share rewards will be agreed by the Remuneration Committee of the Company. During the year and up to the date of this report, 56,700,000 share awards were granted to eligible participants.

For the year ended 31 December 2010, the amount of employee benefit expenses was increased to US$22,057,000 (2009: US$10,063,000). The material fluctuation was mainly attributable to the provision of a bonus pool of US$15 million for the year ended 2010.

For the Year Ended 31 December 2009

The Remaining Group recorded a net profit of US$9.14 million, including a one off write-down of US$6.38 million for the termination of the Indonesian transaction, for the year ended 31 December 2009.

Revenue from the corporate division was exceptionally strong at US$18.64 million.

The jointly controlled entity and the associate of the Remaining Group, YSSCCL, West China Coke and Regent Markets, contributed a share of profit of US$9.09 million, US$2 million and US$1.44 million respectively to the Remaining Group.

The fair value gain from investments which represented the realised and unrealised profit from trading of listed securities and derivatives for the year ended 31 December 2009 was US$17.72 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 Remaining Group continued to monitor its operating costs closely. The finance costs represented the interest expense of the redeemable convertible preference shares and hire purchase amounting to US$0.17 million for the year ended 31 December 2009.

The main elements of the profit are analysed as follows:

	US$ (million)
Share of profit from YSSCCL	9.09
Share of profit from West China Coke	2.00
Share of profit from Regent Markets	1.44
Corporate investment	9.22
Coal mining and coking coal	(2.42)
Metals mining	(3.64)
Write down for termination of Indonesian transaction	(6.38)
Finance costs	(0.17)
Total profit attributable to shareholders of the Company	9.14

Financial Position

After completion of the disposal of BCI, the Remaining Group has the investments in YSSCCL of US$36.89 million, Regent Markets of US$2.89 million and West China Coke of US$16.62 million. The Remaining Group's assets comprised: (i) goodwill of US$14.13 million, (ii) exploration and evaluation assets of US$8.19 million, (iii) cash of US$48.29 million (including the proceeds from disposal of BCI of approximately US$45.20 million which is based on the minimum selling price of A$3.20 per BCI Share), (iv) listed and unlisted investments of US$13.56 million, (v) assets classified as held for sale of US$65.31 million, and (vi) other assets and receivables of US$58.16 million.

The Remaining Group's cash and cash equivalent as at 31 December 2009 were composed of the following currencies:

	USD	**AUD**	**RMB**	**Total**
	US$'000	*US$'000*	*US$'000*	*US$'000*
Cash and bank balances	3,071	45,219	—	48,290

The Remaining Group's liabilities comprised payables, accruals and borrowings of US$16.49 million (including the related expenses and taxes of approximately US$9.93 million for the disposal of BCI).

The Remaining Group's total borrowing of HK$278,000 (or approximately of US$35,000) as at 31 December 2009 was an obligation under finance lease which was used for leasing a vehicle. The effective interest rate for the obligation under finance lease as at 30 June 2012 was 7.03% per annum respectively.

The obligation under finance lease mature four years from the issue date (April 2007) and it is effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Future Prospects of the Group's Significant Investment

In general, we are now more positive on the commodity outlook for 2010. We expect that strong demand from China, mainly flowing from its large public infrastructure spending package and expansionary loans policy, will continue to grow at over 8 per cent. per annum. The Group's significant investments will benefit from growth in China.

As disclosed previously, we have signed an agreement to sell the ZD Coal Project for approximately US$67.3 million and we are hopeful that this transaction will conclude in mid 2010. The realisation of this asset will give us the opportunity to focus on growth through disciplined investment in companies with developing projects.

Funding

As at 31 December 2009, the Remaining Group had US$48.29 million in cash (including the proceeds from disposal of BCI of approximately US$45.20 million which is based on the minimum selling price of A$3.20 per BCI Share) and US$34.12 million of margin deposits held with the Remaining Group's brokers for trading of Contract for Difference and other derivatives. This does not take into account the Remaining Group's holding of listed securities that amounted to US$12.10 million.

The Board has announced a final dividend of HK$0.01 per share or US$5.1 million, subject to approval by the shareholders at the annual general meeting to be held on 10 June 2010. This reflects the Remaining Group's strong operating performance and our positive outlook. We expect to pay dividends each year at progressive higher rates.

Gearing Ratio

No gearing ratio (being long term debts over total equity and long term debts) is calculated as there was no long term debt as at 31 December 2009.

Contingent Liabilitiees

The Remaining Group has no material contingent liabilities as at 31 December 2009.

Charge on Assets

None of the Remaining Group's assets were pledged as at 31 December 2009.

Management of Risk

In 2009, the most significant risk affecting the profitability and viability in respect of the Remaining Group is the continued success and revenue derived from its 40% interest in YSSCCL, a Sino-foreign equity joint venture enterprise that produces a copper concentrate and a zinc concentrate with gold and silver credits. There are also risks affecting the Remaining Group's profitability and viability in 2009 in respect of the Remaining Group's interest in ACMC or JRGL Coal Project, XJ Regent and West China Coke. Risks relating to the Remaining Group's interests include:

Price Risk

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

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

Co-operation of the Joint Venture Partners

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

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

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

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

Operational Risks

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

Uncertainties Related to Exploration

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

Licence Period of Exploration and Mining Rights

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

Capital Requirements and Funding Sources

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

Potential Cost Overruns on Expansion

It is not uncommon for mining operations to experience, cost overruns due to a number of factors, including fluctuations in the cost of raw materials. The Remaining Group and YSSCCL will expand its current mining operations. There is a risk that the costs could exceed the forecasts.

Operational Costs

The mining and exploration business requires timely supply of various raw materials and electricity. There is no assurance that interruptions or shortage of such supplies will not occur in the future. In addition, an increase in the price of such raw materials and/or electricity may have an adverse impact on the operation of the Remaining Group's or YSSCCL's projects.

Government Regulations

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

Political and Economic Considerations

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

Legal Considerations

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

Competition for Resources

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

Foreign Exchange Risk

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

Credit Risk

YSSCCL is subject to credit risk through trade receivables. YSSCCL has two customers for its concentrates. Credit risk is mitigated through the use of provisional payment arrangements whereby 100% is paid within five business days after the issuance of the monthly provisional delivery notice.

The Company does not have any significant customers as its revenue is generated from (i) the realisation of investments, or (ii) earnings from its subsidiaries and associates, including YSSCCL, and West China Coke. Credit risk also relates to derivative contracts arising from the possibility that a counterparty to an instrument in which the Company has an unrealised gain fails to perform. The Company transacts through Saxo Bank and does not consider the credit risk associated with these financial instruments to be significant.

Interest Rate Risk

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

Environmental Risk

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

Environmental risks relate to every mining company. The tailings storage facility where the tailings are discharged is usually the most important potential area of risk to consider. Spilling a tailings storage facility can be enormously damaging to the environment and expensive to clean up.

Currently YSSCCL's environmental and health and safety standards are far below international requirements. Management of YSSCCL has implemented recommendations for strengthening the tailings dam for seismic stability (as the mine is located in an active seismic region), designing a stable waste dump and sediment control from the existing and future waste dumps to minimise the impact on the downstream rivers and compiling a comprehensive environmental management system. The comprehensive environmental management system requires the support and "buy in" of the Chinese joint venture partners, management and the operating personnel of YSSCCL.

The approach for health and safety will be similar to the environmental plan. Since April 2006 there has only been one lost time injury at Dapingzhang. The focus is on training the workforce in appropriate safety procedures.

The Company's focus is on working with its joint venture partners and the management of YSSCCL for developing and operating the mine in a manner that controls and minimises pollution and takes into account the local cultural sensitivities and community expectations.

At the mine site, community initiatives are centered on land compensation and training locals in the skills required for employment at the mine. Land compensation will be integral to building trust with the local communities.

Accidents and Insufficient Insurance Coverage

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

JRGL Coal Project and ZD Coal Project — Conversion of Exploration Licences into Mining Licences

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

The Remaining Group, acting through Regent Coal (BVI), completed the acquisition of XJ Regent in March 2008. XJ Regent Coal, in turn, holds four exploration licences for it to explore the coal resources over the permitted area on an exclusive basis in respect of the Zhun Dong Coal Project. These exploration licences are the only major assets of XJ Regent.

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

West China Coke

We understand that West China Coke continues to operate without all the requisite land use rights, building ownership certificates and planning/construction permits, the absence of which may materially impair the likely success of any subsequent application to be made for building ownership certificates in respect of such buildings. As the land use rights and buildings are West China Coke's main assets and operating facilities, its operating rights and production in connection with such lands or facilities may be adversely impacted due to the above mentioned issues. There can be no assurance that no material difficulties will arise in resolving such issues. If any such issues cannot be resolved, the operating and financial condition of West China Coke could be materially and adversely affected. In addition, there can be no assurance that West China Coke will not become subject to administrative penalties for violation of land administration/planning/construction requirements under the PRC law due to the above mentioned issues.

West China Coke has not completed the requisite environmental impact assessment in respect of one of its three operating coke ovens (built in 2004). Should the relevant local authority view all three of West China Coke's coke ovens as one coke production business, the failure to conduct the environmental impact assessment and obtain the environmental protection authority's confirmation of the results of the assessment may delay the acceptance of the auxiliary environmental protection facilities of all three coke ovens operated by West China Coke. Such delay itself may have adverse knock-on consequences for West China Coke, including delays to: (i) the acceptance of the main body of the construction (i.e. the coke ovens); (ii) the issuance of a pollutant release permit; and (iii) the approval of any application for title certificates for real properties constructed in respect of West China Coke. The Company understands that the environmental protection authority has the right to require West China Coke to suspend its production and to take certain remedial steps.

Cyclical Nature of Coal Markets and Fluctuations in Coal Prices

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

- domestic economic and political conditions and competition from other energy sources;
- the rate of growth and expansion in industries with high coal demand, such as the power and steel industries; and
- the indirect influence on domestic coal prices by the PRC government through its regulation of on-grid tariffs and the allocation of transportation capacity on the national rail system.

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

Maximum Foreign Equity Holding Permitted in Coal Exploration and Mining

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

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

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

Financial Instruments

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

In the course of the Remaining Group's normal operations, margin deposits of varying amounts of cash are held by the Remaining Group's brokers. As at 31 December 2009, the amount of these margin deposits was US$34,118,000 (2008: US$704,000). Since year end these margin deposits of US$32,899,000 have been transferred into listed securities of US$32,899,000.

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

Employees

The Remaining Group, including subsidiaries but excluding associates and a jointly controlled entity, employed approximately 30 employees at 31 December 2009. The remuneration policy is to reward key employees by a combination of salaries, profit related bonuses and share options, where appropriate. For employees below Board level, remuneration will be determined by the Director(s) responsible for the division whilst, for Directors, remuneration is determined by the remuneration committee of the Board. In all cases, grants of share rewards will be agreed by the remuneration committee of the Board. During the year and up to the date of this report, 150,125,000 share awards were granted to eligible participants.

2 FINANCIAL AND TRADING PROSPECT OF THE GROUP

The eleven months to the current financial year has seen continued volatility across the global financial, equity, foreign exchange and commodity markets. That said, we have seen an improvement in the Company's investments and balance sheet at 31 October 2012 compared against the six months ended June 2012 where realized and unrealized losses stood at approximately US$27.70 million at 31 October 2012 compared to US$31.46 million at 30 June 2012 and shareholders' equity was approximately US$164.10 million compared to US$145.06 million at 30 June 2012.

As stated in the Company's announcement and Circular, the Company may from time to time, in the future, dispose of all or part of its shareholding of BCI, depending on the then prevailing market conditions. In the event that the Company is successful in realising all or part of its shareholding in BCI, it is our view that it will significantly strengthen the Company's cash position and balance sheet allowing it to acquire: (i) strategic, controlling and operational interests in mining companies and assets; and (ii) listed securities of resource companies, in order to enhance Shareholders' value.

The Company's stated strategy is to become Hong Kong's next major mid-tier mining house focused on bulk commodities, base metals and gold in the Asia-Pacific region. As a Hong Kong listed mining company, the Company aims to serve as a platform for growth and a cultivator of high quality, accretive mining assets across Asia-Pacific.

Macro-economic imbalances stemming from a worsening sovereign debt crisis in Europe, together with retreating economic growth data out of China is continuing to put further pressure on banks and exacerbates concerns of slowing global economic growth and the demand for commodities for the remainder of this financial year and 2013. Ongoing shocks from Europe's sovereign crisis, and the policy responses to them, are likely to be the biggest determinant of the outlook for the remainder of the year and 2013.

In respect of Europe, we now expect a deeper recession and only gradual stabilisation in 2013. But this is conditional on major policy changes in the region, probably involving a partial 'mutualization' of the existing debt stock supported by the European Central Bank. In the emerging world outside of Europe, in respect of China in particular, we would expect spillovers to be smaller, although a key risk to this forecast lies in more substantial disruptions to global capital flows. We would expect growth in China to remain robust, with perhaps moderate softening in the near term, to be underwritten by targeted, albeit conservative measures to support balanced growth in its economy.

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

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

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

1 RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the HK Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2 DIRECTORS' INTERESTS IN SECURITIES, OPTIONS AND SHARE AWARDS

As at the Latest Practicable Date, 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 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:

(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	124,986,181	3.59%
	A	Beneficiary of a trust	Long position	375,821,134	10.78%
Stephen Dattels	B	Beneficiary of a trust	Long position	284,266,097	8.16%
Jamie Gibson		Beneficial owner	Long position	104,419,138	3.00%
David Comba		—	—	—	—
Julie Oates	C	Interests held jointly with another person	Long position	2,500,000	0.07%
Mark Searle		Beneficial owner	Long position	4,000,000	0.12%
	D	Beneficiary of a trust	Long position	1,000,000	0.03%
Jayne Sutcliffe		Beneficial owner	Long position	17,160,465	0.49%
	E	Beneficiary of a trust	Long position	27,965,226	0.80%

* These numbers do not include the number of the Shares to be issued upon exercise of the outstanding Options under the Share Option Scheme (2002) and the Shares subject to unvested units under the Long Term Incentive Plan 2007 held by the Directors, which are disclosed in sub-paragraphs (b) and (c) below.

** The total issued ordinary share capital of the Company as at the Latest Practicable Date consisted of 3,485,730,523 Shares.

(b) ***Options under Share Option Scheme (2002)***

As at the Latest Practicable Date, the following Directors of the Company had personal interests in Options granted under the Share Option Scheme (2002), entitling them to subscribe Shares in accordance with, and subject to, the terms of the scheme:

Name of Director	Date of grant	Total number of Shares subject to the Option#	Subscription price per Share (HK$)	Exercise period#	Number of Shares subject to vested Options#	Consideration for grant of Option (HK$)
James Mellon	2 October 2007	13,000,000	1.152	2 October 2008 - 1 October 2017	13,000,000	10.00
Jamie Gibson	9 September 2004	11,000,000	0.266	9 September 2005 - 8 September 2014	11,000,000	10.00
	4 April 2006	45,600,000	0.300	4 April 2007 - 3 April 2016	45,600,000	10.00
	2 October 2007	13,000,000	1.152	2 October 2008 - 1 October 2017	13,000,000	10.00
David Comba	2 October 2007	5,000,000	1.152	2 October 2008 - 1 October 2017	5,000,000	10.00

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

(c) ***Share awards under Long Term Incentive Plan 2007***

As at the Latest Practicable Date, the following Directors of the Company had personal interests in the share awards granted under the Long Term Incentive Plan 2007:

Name of Director	Date of grant	Total number of Shares subject to the unit	Vesting date(1)	Number of Shares to be vested
James Mellon	20 November 2012	30,000,000	3 April 2013(2)	10,000,000(2)
			3 April 2014(2)	10,000,000(2)
			3 April 2015(2)	10,000,000(2)
Jamie Gibson	20 November 2012	37,900,000	3 April 2013(2)	12,633,333(2)
			3 April 2014(2)	12,633,333(2)
			3 April 2015(2)	12,633,334(2)

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

(2) On 20 November 2012, units in respect of 30,000,000 Shares and 37,900,000 Shares were granted under the plan to James Mellon and Jamie Gibson respectively, which are to be vested in three equal tranches on 3 April 2013, 3 April 2014 and 3 April 2015, providing that all the Shares (then remaining outstanding) will be vested in full on the happening of the "trigger event" (as referred to in the offer letters dated 20 November 2012).

(2) Securities of associated corporations — Ordinary shares of US$0.01 of AstroEast.com Limited (note F)

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares	Approximate % holding
James Mellon		—	—	—	—
Stephen Dattels	B	Beneficiary of a trust	Long position	5,250,000	18.74%
Jamie Gibson		Beneficial owner	Long position	225,000	0.80%
David Comba		—	—	—	—
Julie Oates		—	—	—	—
Mark Searle		—	—	—	—
Jayne Sutcliffe		Beneficial owner	Long position	150,000	0.54%

Notes:

A. The 375,821,134 ordinary shares in the Company are held by companies wholly owned by the trustee of a settlement, of which James Mellon is a beneficiary.

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

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

D. The 1,000,000 ordinary shares in the Company are held to the order of a pension fund, of which Mark Searle is the sole beneficiary.

E. The 27,965,226 ordinary shares in the Company are held by the trustee of a discretionary trust, under which Jayne Sutcliffe and members of her family may become beneficiaries.

F. AstroEast.com Limited is an indirect 50.99% owned subsidiary of the Company.

Save as disclosed herein, as at the Latest Practicable Date 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.

3 DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the existing Directors had any existing or proposed service contracts with any member of the Group, which did not expire or was not determinable by the Group within one year without payment of compensation (other than statutory compensation).

4 DIRECTORS' INTERESTS IN CONTRACTS

As far as the Directors are aware, there were no contacts or arrangements subsisted as at the Latest Practicable Date, in which any one of them was materially interested and which were significant in relation to the business of the Group.

5 DIRECTORS' INTERESTS IN COMPETING BUSINESSES

The Directors, except for the Independent Non-Executive Directors who are not subject to the disclosure requirement under Rule 8.10 of the HK Listing Rules, have declared that they (or their respective associates) are not interested in any business apart from the Company's business, which competes or is likely to compete, either directly or indirectly, with the Company's business save that the following companies may pursue investment opportunities that may compete against the Company:

(a) Brazilian Gold Corporation

Brazilian Gold Corporation ("**Brazilian Gold**", TSX.V: BGC) is a well financed publicly traded junior exploration company listed on the TSX Venture Exchange, a Canadian Stock Exchange, and based in Vancouver, British Columbia. It owns a portfolio of road accessible, grass-roots to advance stage (São Jorge) gold projects in the Tapajós region of northern Brazil. The company is focused on expanding the resource and advancing technical studies at São Jorge whilst also discovering new deposits on their extensive land holdings.

James Mellon is a director of Brazilian Gold, and as at the Latest Practicable Date:

- The Company (and its subsidiaries) held approximately 3.81 per cent. of its total issued share capital;
- James Mellon (himself and through his associate) held approximately 4.51 per cent. of its total issued share capital; and
- An investment company wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary beneficiary, held approximately 7.31 per cent. of its total issued share capital.

(b) Condor Gold plc

Condor Gold plc ("**Condor Gold**", AIM: CNR and FSX: W5X) is a UK based exploration Company dually listed on the Alternative Investment Market ("**AIM**") of the London Stock Exchange and the Frankfurt Stock Exchange, focused on proving a large commercial reserve on its 100 per cent. owned La India Project in Nicaragua.

James Mellon is a non-executive director of Condor Gold, and as at the Latest Practicable Date:

- The Company held less than 3 per cent. of its total issued share capital, which was not discloseable under the rules of the relevant regulator(s);

- James Mellon (himself and through his associate) held less than 3 per cent. of its total issued share capital, which was not discloseable under the rules of the relevant regulator(s); and

- Polo Resources Limited (see below) held less than 3 per cent. of its total issued share capital, which was not discloseable under the rules of the relevant regulator(s).

(c) **GCM Resources plc**

GCM Resources plc ("**GCM Resources**", AIM: GCM) is a London-based resource exploration and development company listed on AIM, with its Phulbari Coal Project poised for development once the Government of Bangladesh provides approval. It also has a portfolio of investments in South Africa and China coal businesses, and uranium interests in West Africa, Sweden and Australia.

Stephen Dattels is a non-executive director of GCM Resources, and as at the Latest Practicable Date:

- The Company did not hold any interests in its total issued share capital; and

- Polo Resources Limited (see below) held approximately 29.78 per cent. of its total issued share capital.

(d) **Global Tin Corporation**

Global Tin Corporation is an unlisted natural resources company, focusing on investing in tin, tantalum and lithium exploration and mining projects, which ceased trading on 4 June 2012.

As at the Latest Practicable Date, an investment company wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary beneficiary, held approximately 23.48 per cent. of its total issued share capital.

(e) **MinFer Holdings Limited**

MinFer Holdings Limited ("**MinFer Holdings**") is an unlisted natural resources company and an emerging Brazilian Iron Ore producer. In February 2011, Polo Resources Limited (referred to below) has subscribed for 30 per cent. of the issued share capital of MinFer Holdings, and MinFer Holdings has granted to Polo Resources Limited a warrant, exercisable in two years from 4 February 2011, to subscribe for new shares in MinFer Holdings which would represent approximately 13.04 per cent. of the issued share capital of MinFer Holdings Limited enlarged by the subscription of the warrant.

As at the Latest Practicable Date, an investment company wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary beneficiary, held approximately 29.76 per cent. of its total issued share capital.

(f) **Polo Resources Limited**

Polo Resources Limited ("**Polo Resources**", AIM and TSX: POL) is a natural resources investment company dually listed on AIM and the TSX Venture Exchange. It focuses on investing in undervalued companies and projects with strong fundamentals and attractive growth prospects.

James Mellon and Stephen Dattels are a non-executive director and the joint executive chairman of the board of directors of Polo Resources respectively, and as at the Latest Practicable Date:

- The Company did not hold any interest in its total issued share capital (having ceased to hold interests on 14 June 2012);
- James Mellon (and his associate) held less than 3 per cent. of its total issued share capital, which was not discloseable under the rules of the relevant regulator(s);
- An investment company wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary beneficiary, held approximately 8.62 per cent. of its total issued share capital; and
- GCM Resources (see above) held approximately 3.26 per cent. of its total issued share capital.

(g) **West African Minerals Corporation**

West African Minerals Corporation ("**West African Minerals**", AIM: WAFM) is an AIM listed company, focusing on investing in natural resources companies and/or physical resources assets. Its wholly owned subsidiary, Ferrum Resources Limited ("**Ferrum Resources**"), has built a portfolio of iron ore assets in Africa. Ferrum Resources aims to become a major international iron ore mining and exploration group.

James Mellon is an executive co-chairmen of the board of directors and Stephen Dattels is the chief executive and an executive co-chairman of the board of directors of West African Minerals, and as at the Latest Practicable Date:

- The Company did not hold any interest in its total issued share capital;
- James Mellon had an indirect beneficial interest in a trust which held approximately 6.26 per cent. of its total issued share capital; and
- An investment company wholly owned by the trustee of a trust, under which Stephen Dattels is a discretionary beneficiary, held approximately 9.09 per cent. of its total issued share capital.

Currently, the existing businesses of above companies do not compete against the Company's existing businesses in China. Should the Company and any of the above companies come into competition in the future, no Director of the Company shall vote on any board resolution of the Company approving any contract or arrangement or any other proposal in which they or any of their associates have a material interest, nor shall they be counted in the quorum present in the meeting, in each case if, and to the extent, required under Rule 13.44 of the HK Listing Rules.

Further, the Company established a 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 Julie Oates (the Chairlady), Jamie Gibson and Mark Searle.

6 DIRECTORS' INTERESTS IN ASSETS

As far as the Directors are aware, as at the Latest Practicable Date, none of them had any interests, whether direct or indirect, in any assets which have been, since 31 December 2011 to which the Company's latest audited financial statements were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

7 SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at the Latest Practicable Date, the following persons (other than James Mellon, Stephen Dattels and Jamie Gibson, whose interests are set out in detail under the section headed "Directors' Interests in Securities, Options and Share Awards") had the following 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):

Name of Shareholder	Class of shares	Capacity in which the Shares are held	Long/Short position	Total interests (Number of Shares)	Approximate % holding**	Derivative interests (Number of Shares)
Peh Kong Wan	Ordinary shares	Beneficial owner	Long position	6,000,000	0.17%	Nil
	Ordinary shares	Interests held by controlled corporation (Note below)	Long position	303,200,000	8.70%	Nil
Tamai Investments Corp.	Ordinary shares	Beneficial owner	Long position	287,500,000	8.25%	Nil

** The total issued ordinary share capital of the Company as at the Latest Practicable Date consisted of 3,485,730,523 Shares.

Note: The 303,200,000 Shares disclosed in the "interests held by controlled corporation" by Peh Kong Wan include the entirety of the interests disclosed by Tamai Investments Corp.

Save for such interests, the Directors are not aware of any other persons who, as at the Latest Practicable Date, 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).

8 MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the Group within two years immediately preceding the Latest Practicable Date:

(1) **Conditional all cash takeover offer for BCI**

(a) A scheme implementation agreement dated 20 January 2011 (the "**BCI Scheme Implementation Agreement**") was entered into between: (i) the Company and its

Australian-incorporated wholly owned subsidiary namely Regent Pilbara Pty Limited ("**Regent Pilbara**") as acquirer; and (ii) BCI as target, pursuant to which the Company, through Regent Pilbara, agreed to acquire all of the issued BCI Shares not already owned by the Company and/or Regent Pilbara by way of an Australian scheme of arrangement (the "**BCI Scheme**"), and certain associated private treaty arrangements were entered into in respect of the acquisition of the outstanding options of BCI ("**BCI Options**") (as announced by the Company on 20 and 21 January 2011).

(b) A first facility mandate letter dated 20 January 2011 was entered into between: (i) Regent Pilbara as borrower; (ii) the Company as guarantor; and (iii) Standard Chartered Bank (Hong Kong) Limited as lender and lead arranger, with a term sheet set out in the appendix thereto, relating to the provision of up to US$155 million of debt finance (the "**BCI Debt Facility**") (which was subsequently terminated on 18 March 2011 and superseded by the second facility mandate letter referred to in (e) below).

(c) An option purchase agreement dated 20 January 2011 was entered into between (i) Regent Pilbara and (ii) M & J Young Super Fund in relation to the transfer of the BCI Options held by Michael Young (the Managing Director of BCI) and his associate in respect of an aggregate of 500,000 BCI Shares to Regent Pilbara at a consideration equivalent to the "see-through" price (the "**BCI Option Consideration**").

(d) An option consideration agreement dated 20 January 2011 was entered into between: (i) Regent Pilbara; (ii) BCI; and (iii) the associate of Morgan Ball (the Chief Financial Officer and Company Secretary of BCI) in relation to the lapsing (if not previously exercised) of the BCI Options in respect of an aggregate of 500,000 BCI Shares for the payment of the BCI Option Consideration.

(e) Another facility mandate letter dated 14 April 2011 was entered into between: (i) Regent Pilbara, as borrower; (ii) the Company, as guarantor; and (iii) Standard Chartered Bank (Hong Kong) Limited and Westpac Banking Corporation, as exclusive lead arrangers, underwriters and bookrunners, with a term sheet set out in the appendix thereto, in relation to the provision of the BCI Debt Facility (as announced by the Company on 14 April 2011), with such mandate letter replacing and superseding a prior financing mandate executed with Standard Chartered Bank (Hong Kong) Limited on 20 January 2011 (as referred to in (b) above) that was terminated on 18 March 2011 following the exercise by the Company of its contractual right to unilaterally terminate the BCI Scheme Implementation Agreement on 15 March 2011 (as announced by the Company on 15 March 2011).

(f) The BCI Scheme was finally terminated on 11 May 2011 following the withdrawal of recommendation of the BCI board (as announced by the Company on 11 May 2011).

(2) **Further acquisition of BCI Shares**

(a) Prior to and subsequent to the termination of the BCI Scheme (as referred to in 1 above), various orders were executed by the Company with its broker during the period from 11 to 17 November 2010 and up to and including 13 July 2011 (being the date the latest trade settled) to further acquire BCI Shares by a series of transactions on the market (as announced by the Company on 14 July 2011).

(b) Various orders were executed by the Company with its broker during the period from 15 February 2012 to 15 March 2012 and on 1 June 2012 to further acquire BCI Shares by a series of on-market transactions (as announced by the Company on 1 June 2012).

(3) **Venturex Resources Limited ("Venturex")**

(a) Firm commitments were executed by the Company on 20 January 2011 in relation to the further subscription by the Company of new shares in Venturex pursuant to a placement and an entitlement offer (as announced by the Company on 20 January 2011).

(b) An order was executed by the Company with its broker on 1 August 2012 to acquire 66 million additional shares in Venturex on market (as announced by the Company on 2 August 2012).

(4) **Yinzishan Mine**

(a) A sale and purchase agreement dated 8 March 2011 (the "**Yinzishan Share Purchase Agreement**") was entered into between: (i) Regent Metals Holdings Limited ("**Regent Metals Holdings**") as seller; (ii) Plenty Power Limited (the "**Yinzishan Purchaser**") as purchaser; and (iii) the Company as guarantor, in relation to the disposal by Regent Metals Holdings to the Yinzishan Purchaser of the entire issued share capital in Regent Minerals Limited (which in turn held 97.54 per cent. of the registered capital of Simao Regent Minerals Limited and the Yinzishan Mine) (the "**Yinzishan Disposal**").

(b) The Yinzishan Share Purchase Agreement and the Yinzishan Disposal were completed on 31 March 2011.

(5) **Goldrich Mining Company ("Goldrich")**

A subscription agreement dated 27 July 2011 was entered into by the Company with Goldrich in relation to the subscription by the Company of new shares in Goldrich pursuant to a private placement (as announced by the Company on 1 August 2011).

(6) **Avion Gold Corporation ("Avion")**

(a) A firm commitment was executed by the Company on 12 August 2011 with Canaccord Genuity Corporation, as the co-lead manager of the Avion's placing, in relation to the subscription by the Company of new shares in Avion (as announced by the Company on 15 August 2011).

(b) Avion was acquired by Endeavour Mining Corporation on 18 October 2012 (following the Company's announcement on 16 October 2012).

(7) **Hathor Exploration Limited ("Hathor")**

Various orders were executed by the Company with its broker during the period from 14 to 21 November 2011 in relation to the disposal of the entire holding of the Company in Hathor by a series of on-market transactions (as announced by the Company on 22 November 2011).

(8) **Trinity Exploration & Production Limited ("Trinity")**

(a) A placing letter dated 29 November 2011 was entered into by the Company with Trinity in relation to the subscription by the Company of new shares in Trinity pursuant to a pre-IPO placing (as announced by the Company on 29 November 2011).

(b) A conditional minority sale and purchase agreement was entered into between the Company and Trinity in relation to the proposed merger of Trinity with Bayfield Energy Holdings plc (as announced by the Company on 15 October 2012).

(9) **Ji Ri Ga Lang Coal Mine**

(a) A sale and purchase agreement dated 21 December 2011 (the "**Ji Ri Ga Lang Share Purchase Agreement**") was entered into between: (i) the Company as seller; and (ii) Wang Hongyu and Yao Guangyi as buyers in relation to the disposal by the Company to the buyers of the entire issued share capital in Regent Coal (BVI) Limited (which in turn held 51 per cent. of the registered capital of Abagaqi Changjiang Mining Co., Ltd. and the Ji Ri Ga Lang Coal Mine) (the "**Ji Ri Ga Lang Disposal**") (as announced by the Company on 21 December 2011).

(b) The Ji Ri Ga Lang Share Purchase Agreement and the Ji Ri Ga Lang Disposal were completed on 17 January 2012 (as announced by the Company on 17 January 2012).

(10) **Polo Resources Limited ("Polo")**

Various orders were executed by the Company with its broker on 12 July 2010, 9 November 2010 and during the period from 8 May and 7 June 2012 in relation to the disposal of shares in Polo by a series of on-market transactions (as announced by the Company on 8 June 2012).

9 INDEBTEDNESS OF THE GROUP

As at the close of business on 31 October 2012, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, apart from the intra-group liabilities:

(a) the Group had no outstanding borrowings;

(b) the Group did not have any material outstanding liabilities in respect of mortgage, charges, bank overdrafts, loans or similar indebtedness or hire purchase commitments; and

(c) the Group did not have material contingent liabilities.

10 SUFFICIENCY OF WORKING CAPITAL

Taking into account the financial resources available to the Remaining Group, including internally generated funds, cash and cash equivalents on hand, the Directors are of the opinion that the Remaining Group has sufficient working capital for its present requirements for at least 12 months from the date of this circular, in the absence of unforeseeable circumstances.

11 LITIGATION

The Directors are not aware of any litigation or claims of material importance pending or threatened against the Company or any subsidiary of the Group as at the Latest Practicable Date.

12 EXPERT AND CONSENT

(a) The following is the qualification of the expert who has given opinion and advice, which is included in this circular:

Name	**Qualification**
BDO Limited	Certified public accountants

(b) As at the Latest Practicable Date, the expert set out above did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(c) The expert set out above has given and has not withdrawn its respective written consent to the issue of this circular, with the inclusion of its report or statement (as of the date specified in the report/statement) and/or the references to its name and/or its opinion in the form and context in which they are included.

(d) As at the Latest Practicable Date, the expert set out above did not have any interests, whether direct or indirect, in any assets which had been, since 31 December 2011 to which the Company's latest audited financial statements were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

13 MISCELLANEOUS

(a) The Company Secretary of the Company is Ms Fung Yuk Bing (Stella), who is an associate member of The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Company Secretaries.

(b) The registered office of the Company is at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands, and the principal place of business of the Company is at 8th Floor, Henley Building, 5 Queen's Road Central, Hong Kong.

(c) The Company's Branch Share Registrars in Hong Kong is Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(d) This circular has been prepared in both English and Chinese. In the case of any discrepancy, the English text shall prevail.

14 DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's principal place of business in Hong Kong during the normal business hours up to and including Tuesday, 15 January 2013 and at the Extraordinary General Meeting to be held on Wednesday, 16 January 2013:

(a) the Memorandum and Articles of Association;

(b) the contracts referred to in the paragraph titled "Material Contracts" in this appendix;

(c) the pro forma financial statements of the Remaining Group set out in Appendix II of this circular;

(d) the consent letter referred to in the paragraph headed "Expert and Consent" in this appendix; and

(e) the annual reports of the Company for the years ended 31 December 2010 and 2011 respectively.

REGENT PACIFIC GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 0575)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Extraordinary General Meeting of the Company will be held at Salons 1 and 2, Level 1, MGM Macau*, Avenida Dr. Sun Yat Sen, NAPE, Macau on Wednesday, 16 January 2013 at 11:00 am to consider and, if thought fit, approve (with or without amendments) the following resolution (*Shuttle buses of MGM Macau will depart from the New Macau Maritime Ferry Terminal from time to time):

AS AN ORDINARY RESOLUTION

"**THAT**:

(a) the disposal (the "**Future Disposal**") by the Company of up to 24,002,698 shares ("**BCI Share(s)**") in the share capital of BC Iron Limited, a limited liability company incorporated in Australia, whose securities are listed on ASX Limited ("**ASX**") during the period of 12 months from the date of passing of this Resolution (unless revoked or varied by an ordinary resolution passed by the shareholders in a general meeting of the Company) (the "**Mandate Period**") on the following conditions:

(i) apart from disposal in the open market on ASX, the Company may also dispose of its holding of BCI Shares during the Mandate Period through block trade(s) by entering into placing agreement(s) with reputable investment banks as placing agents, with the terms and conditions of such block trade(s) negotiated on an arms' length basis; and

(ii) (1) the selling price per BCI Share that is to be sold through block trade(s) shall represent no more than a 7 per cent. discount to the average closing price of BCI Shares on ASX in the five (5) trading days immediately prior to the date of the relevant sale and purchase agreement; and

(2) whether the disposal is made in the open market or through block trade(s), the minimum selling price per BCI Share shall not be less than A$3.20,

be and is hereby approved; and

(b) the directors of the Company (the "**Directors**") be and are hereby authorised for and on behalf of the Company (the "**Disposal Mandate**") to exercise all the powers of the Company to effect the Future Disposal from time to time during the Mandate Period and the

Directors be and are hereby authorised to do all such acts and things, including but not limited to execution of all documents, which the Directors deem necessary, appropriate or desirable to implement and give effect to the Future Disposal and the transactions contemplated thereunder or in connection with the exercise of the Disposal Mandate."

By Order of the Board of
Regent Pacific Group Limited

Jamie Gibson
Director

Directors of the Company:
James Mellon *(Co-Chairman)**
Stephen Dattels *(Co-Chairman)**
Jamie Gibson (*Chief Executive Officer*)
David Comba#
Julie Oates#
Mark Searle#
Jayne Sutcliffe*

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

Hong Kong, 24 December 2012

Notes:

1. Shareholders are recommended to read the shareholders' circular dated 24 December 2012 issued by the Company (the "**Circular**"), which contains important information concerning the resolution proposed at the extraordinary general meeting being convened by this notice.

   Unless the context requires otherwise, capitalised terms used in this notice shall have the same meaning given to them in the Circular, of which this notice forms part.

2. A member of the Company entitled to attend and vote at the meeting convened by this notice is entitled to appoint one or more proxies to attend and vote in his stead. A proxy need not be a member of the Company. Completion and return of an instrument appointing a proxy will not preclude a member from attending and voting in person at the meeting or any adjourned meeting if he so wishes.

3. In order for it to be valid, the form of proxy, accompanied by the power of attorney (if applicable) or other authority (if any) under which it is signed or a certified copy of that power or authority, must be deposited with the Company Secretary at the Company's principal place of business in Hong Kong at 8th Floor, Henley Building, 5 Queen's Road Central, Hong Kong not less than 48 hours before the time appointed for the meeting or its adjourned meeting.

4. In the case of joint registered holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holder(s). For this purpose, seniority shall be determined by the order in which the names of the holders stand in the Register of Members of the Company in respect of such joint holding.

5. In the case of a conflict between the English text of this notice and its Chinese translation, the English text will prevail.