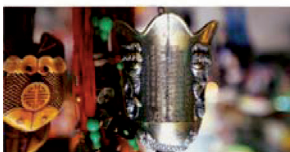
Regent Pacific Group Limited



(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 0575 29 August 2014

ANNOUNCEMENT

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

PERFORMANCE OVERVIEW

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

- Profit attributable to shareholders of the Company of US$12.68 million, which was mainly attributable to a gain from bargain purchase of associate of US$19.38 million due to the Group having classified Plethora Solutions Holdings plc ("**Plethora**"), consistent with applicable accounting standards, as an associate of the Group from 1 January 2014

- Shareholders' equity of US$71.14 million or net asset value per share of Hong Kong 15.82 cents, an increase of 20.76% as compared at 31 December 2013, with the increase being mainly attributable to the Company's equity accounting of its shareholding of Plethora as mentioned above

- With effect from 1 January 2014 and in recognition of the Company's significant investment in Plethora, Jamie Gibson was appointed as CEO of Plethora and tasked primarily with driving Plethora's commercialisation of PSD502™. Following this appointment, the Company has equity accounted for its investment whereby the Group's consolidated financial statements reflect its share (currently 14.81%) of the net loss of Plethora

- Helping Plethora secure the appointment of Pharmaserve (North West) Limited ("**PSNW**") in March 2014 to undertake the manufacturing development leading to the successful introduction of a new 6 dose canister of PSD502™ for premature ejaculation ("**PE**"). This is a key final step in making product available for Plethora's strategic commercial marketing partners that will enable a successful launch of the product in multiple territories

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- Maintaining and actively monitoring its existing and significant investment of approximately US$6.62 million in Trinity Exploration & Production plc ("**Trinity**"), representing approximately 4.12% of the share capital of the company
- Maintaining and actively monitoring its existing and significant investment of approximately US$5.75 million in Condor Gold plc ("**Condor**"), representing approximately 10.38% of the share capital of the company
- Maintaining and actively monitoring its existing and strategic investment of approximately US$2.93 million in Venturex Resources Limited ("**Venturex**"), representing approximately 33.47% of the share capital of the company
- Maintaining and actively monitoring its existing and significant investment of approximately US$3.50 million in Endeavour Mining Corporation ("**Endeavour**"), representing approximately 1.09% of the share capital of the company
- Maintaining and actively monitoring its existing and strategic investment in Regent Markets Holdings Limited ("**Regent Markets**"), a 49.90% associated company, which, for the six months ended 30 June 2014, has recorded turnover of US$194.03 million, a 14.61% decrease over the corresponding period in 2013, and a net profit of US$2.72 million (2013: US$3.01 million)
- Strong financial position with no debt, with over US$34.44 million in cash, listed and unlisted securities

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

RESULTS

The directors (the "**Directors**" or the "**Board**") of Regent Pacific Group Limited (the "**Company**" or "**Regent**" and collectively with its subsidiaries, the "**Group**") announce the unaudited results of the Group for the six months ended 30 June 2014, together with comparative figures for the six months ended 30 June 2013, as follows:

Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2014

	Notes	(Unaudited) For the six months ended 30 June 2014 US$'000	30 June 2013 US$'000
Revenue	3		
Corporate investment income		6	1,482
Other income		124	1,641
		130	3,123
Fair value loss on financial instruments		(408)	(27,097)
Total income		(278)	(23,974)
Expenses:			
Employee benefit expenses		(2,126)	(8,818)
Rental and office expenses		(443)	(438)
Information and technology expenses		(93)	(119)
Marketing costs and commissions		(3)	(5)
Professional and consulting fees		(389)	(509)
Other operating expenses		(394)	(347)
Operating loss	4	(3,726)	(34,210)
Gain from bargain purchase of associate	7	19,375	—
Share of results of associates		(2,974)	1,639
Profit/(Loss) before taxation		12,675	(32,571)
Taxation	5	—	5,605
Profit/(Loss) for the period		12,675	(26,966)

	Notes	(Unaudited) For the six months ended 30 June 2014 US$'000	30 June 2013 US$'000
Other comprehensive income			
Unrealised loss on available-for-sales financial assets		(135)	(538)
Exchange gain on translation of financial statements of foreign operations		44	278
Share of other comprehensive income of associates		(377)	10
Other comprehensive income for the period		(468)	(250)
Total comprehensive income for the period		12,207	(27,216)
Profit/(Loss) for the period attributable to:			
Shareholders of the Company		12,676	(26,903)
Non-controlling interests		(1)	(63)
		12,675	(26,966)
Total comprehensive income attributable to:			
Shareholders of the Company		12,208	(27,154)
Non-controlling interests		(1)	(62)
		12,207	(27,216)
Earnings/(Losses) per share attributable to shareholders of the Company during the period	6	US cent	US cent
– Basic and Diluted		0.36	(0.78)

Consolidated Statement of Financial Position
As at 30 June 2014

	Notes	(Unaudited) As at 30 June 2014 US$'000	(Audited) As at 31 December 2013 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill		—	—
Property, plant and equipment		152	199
Interests in associates	7	37,895	9,134
Available-for-sale financial assets		2,199	2,334
		40,246	11,667
Current assets			
Cash and bank balances		6,511	9,055
Financial assets at fair value through profit or loss		25,731	37,814
Prepayments, deposits and other receivables		1,832	3,597
Derivative financial instruments		322	506
		34,396	50,972
Current liabilities			
Trade payables, deposit received, accruals and other payables	8	(3,067)	(3,305)
Derivative financial instruments		(471)	(437)
		(3,538)	(3,742)
Net current assets		30,858	47,230
Total assets less current liabilities		71,104	58,897
Non-current liabilities			
Deferred tax liabilities	9	—	—
NET ASSETS		71,104	58,897
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital		34,857	34,857
Reserves		36,278	24,070
Equity attributable to shareholders of the Company		71,135	58,927
Non-controlling interests		(31)	(30)
TOTAL EQUITY		71,104	58,897

Notes:

1. General information and basis of preparation

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

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

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

The accounting policies used in the preparation of the interim financial report are consistent with those used in the annual financial statements for the year ended 31 December 2013, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include individual Hong Kong Financial Reporting Standards, HKASs and Interpretations) as disclosed in note 2 and to include the following paragraph under the accounting policy of "Associates" as stated in the annual financial statements for the year ended 31 December 2013:

"Goodwill is calculated at each stage of the acquisition based on the consideration paid and share of fair value of net assets acquired at the date of each acquisition. If the sum of this consideration is lower than the fair value of the net assets acquired, the difference is recognised in profit or loss as a gain on bargain purchase."

The interim financial report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2013.

2. Adoption of new or revised HKFRSs

In the current period, the Group has applied for the first time the following new standards, amendments and interpretations (the "**new HKFRSs**") issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2014:

Amendments to HKFRS 10, 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
HK (International Financial Reporting Interpretation Committee) 21	Levies

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

At the date of authorisation of these financial statements, certain new HKFRSs, that are potentially relevant to the Group's operation, have been published but are not yet effective and have not been adopted early by the Group:

		Effective for accounting period beginning on or after
HKFRS 9	Financial Instruments	No mandatory effective date yet determined but is available for adoption
HKFRS 15	Revenue from Contract with Customers	1 January 2017
Amendments to HKAS 16	Property, Plant and Equipment	1 January 2016
Amendments to HKAS 38	Intangible Assets	1 January 2016
HKFRSs (Amendments)	Annual Improvements 2010-2012 Cycles	1 July 2014
HKFRSs (Amendments)	Annual Improvements 2011-2013 Cycles	1 July 2014

HKFRS 9 - Financial Instruments

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

The Directors are in the process of making an assessment of the expected impact of these amendments, new or revised standards and interpretations in the period of initial application. Presently, the Directors are of the opinion that these amendments are unlikely to have a significant impact on the Group's results of operations and financial position.

3. Segment information

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

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

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

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

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

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

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

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

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

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

For the six months ended 30 June 2014

	(Unaudited)				
	Biopharma	Coking Coal	Metals Mining	Corporate Investment	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue from external customers	—	—	—	130	130
Segment results	—	(10)	(454)	(3,262)	(3,726)
Gain from bargain purchase of associate	19,375	–	–	–	19,375
Share of results of associates	(1,817)	(2,432)	–	1,275	(2,974)
Consolidated profit/(loss) before income tax expense	17,558	(2,442)	(454)	(1,987)	12,675

For the six months ended 30 June 2013

	(Unaudited)			
	Coking Coal	Metals Mining	Corporate Investment	Total
	US$'000	US$'000	US$'000	US$'000
Revenue from external customers	—	—	3,123	3,123
Segment results	(8)	(1,018)	(33,184)	(34,210)
Share of results of associates	296	—	1,343	1,639
Consolidated profit/(loss) before income tax expense	288	(1,018)	(31,841)	(32,571)

	Biopharma	Coking Coal	Metals Mining	Corporate Investment	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Segment assets					
– As at 30 June 2014 (unaudited)	30,233	1,617	10	42,782	74,642
– As at 31 December 2013 (audited)	—	4,377	22	58,240	62,639

4. Operating loss

	(Unaudited)	
	For the six months ended	
	30 June 2014 US$'000	30 June 2013 US$'000
Operating loss is arrived at after charging:		
Auditors' remuneration	58	60
Depreciation on owned property, plant and equipment	47	49
Operating lease charges on property and equipment	395	388
Share-based payment#	—	969
Realised loss on disposal of financial assets at fair value through profit or loss@(1)	—	3,985
Unrealised loss on financial assets at fair value through profit or loss@(1)	—	23,996
Unrealised loss on derivative financial instruments@(2)	640	—
and crediting:		
Interest income on bank deposits*	9	83
Net foreign exchange gain*	19	1,377
Dividend income from listed equities*	22	22
Exchange gain arising from retranslation of potential capital gain tax (note 9 (iii))	—	1,592
Realised gain on disposal of financial assets at fair value through profit or loss@(1)	10	—
Unrealised gain on financial assets at fair value through profit or loss@(1)	37	—
Unrealised gain on derivative financial instruments@(2)	—	432
Realised gain on derivative financial instruments@(2)	185	452

Included in the share-based payment was equity settled employee share-based payment of nil (2013: US$969,000) in relation to share awards granted to Directors and employees.

@ These amounts constitute the fair value loss of US$408,000 (2013: US$27,097,000) in the consolidated statement of comprehensive income.

(1) During the period ended 30 June 2014, net profits on financial assets at fair value through profit or loss amounted to US$47,000 (2013: net losses of US$27,981,000), of which net unrealised profit of US$37,000 (2013: net unrealised loss of US$23,996,000) represented profit or loss resulted from the change in market value of the Group's financial assets at fair value through profit or loss.

(2) During the period ended 30 June 2014, net losses on derivative financial instruments amounted to US$455,000 (2013: net profits of US$884,000).

* Included in revenue.

5. Taxation

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

	(Unaudited)	
	For the six months ended	
	30 June 2014 US$'000	30 June 2013 US$'000
Deferred tax (note 9)		
– current period	—	(5,605)

No provision for Hong Kong profits tax has been made in the interim financial report as all the Group companies which are subject to such tax have sustained losses for taxation purposes for the periods ended 30 June 2014 and 2013. Overseas tax is calculated at the rates applicable in the respective jurisdictions.

Deferred tax credit for the period ended 30 June 2013 of US$5,605,000 represented reversal of Australian Capital Gains Tax ("**CGT**") provision on certain Australian equity investments, as set out in note 9.

Share of associates' tax credit for the six months ended 30 June 2014 of US$86,000 (2013: US$40,000) are included in the consolidated statement of comprehensive income as share of results of associates.

6. Earnings/(Losses) per share

The calculation of basic earnings per share is based on the profit attributable to shareholders for the period ended 30 June 2014 of US$12,676,000 (2013: losses of US$26,903,000) and on the weighted average number of ordinary shares of 3,485,730,523 (2013: 3,437,124,512) in issue during the period.

As the exercise price of the Company's share options were higher than the average market price of the Company's shares for the periods ended 30 June 2014 and 2013, the conversion of such share options is not assumed in the computation of diluted earnings/(losses) per share for the periods ended 30 June 2014 and 2013.

Subsequent to the period ended 30 June 2014 and prior to the date of this report, no ordinary shares were issued and allotted.

7. Interests in associates

	(Unaudited) As at 30 June 2014 US$'000	(Audited) As at 31 December 2013 US$'000
Share of net assets	48,433	19,672
Impairment	(10,538)	(10,538)
	37,895	9,134

At 30 June 2014, the Group's associates and their carrying value comprised the following:

	Percentage of interest	(Unaudited) As at 30 June 2014 US$'000	(Audited) As at 31 December 2013 US$'000
Regent Markets Holdings Limited	49.90%	6,147	4,855
West China Coking and Gas Company Limited	25%	1,515	4,279
Plethora Solutions Holdings plc	14.81%	30,233	–
		37,895	9,134

Plethora reclassified as an associate as of 1 January 2014

Plethora was incorporated in the United Kingdom and its shares are traded on the Alternative Investment Market ("**AIM**") on the London Stock Exchange. Its principal activities are the development and commercialisation of a pharmaceutical treatment of PE in the area of men's sexual health.

The Group started accumulating its interest in Plethora in the previous year in 2013 and accounted for its interest as financial assets at fair value through profit and loss ("**FAFVPL**"). As at 31 December 2013 the Group held a 13.85% interest in Plethora at a carrying value of US$12,026,000, which was based on its last quoted market price on the AIM at that date.

On 1 January 2014, the Group's Chief Executive Officer, Mr Jamie Gibson, was appointed as the Chief Executive Officer and as an executive director of Plethora. This appointment was on behalf of the Group and consequently the Directors consider the Group has significant influence over the financial and operating decisions of Plethora. Accordingly, the Group has reclassified its interest in Plethora from FAFVPL to interest in associate as of 1 January 2014.

Under HKAS 28 "Investments in Associates and Joint Ventures", on the date Plethora became an associate, the Group is required to identify the difference between cost of the investment and the net fair value of the investee's identifiable assets and liabilities. Where the Group's share of net fair value of the identifiable assets and liabilities is greater than the cost or carrying value of the investment, such difference, sometimes referred to as a "bargain purchase" is taken to profit and loss.

The fair values of identifiable assets and liabilities of Plethora on 1 January 2014 were:

	(Unaudited) Fair values recognised on 1 January 2014 US$'000	Carrying values on 1 January 2014 US$'000
Intangible asset	253,460	—
Trade and other receivables	822	822
Cash and cash equivalents	5,164	5,164
Trade and other payables	(1,918)	(1,918)
Convertible bonds	(5,677)	(5,677)
Warrants	(9,675)	(9,675)
Deferred tax liability	(25,346)	—
Net assets/(liabilities) acquired	216,830	(11,284)
The fair value of consideration transfer:		
Share of total identifiable net assets at fair value (13.85% interests)	30,031	
Gain from bargain purchase of associate	(18,005)	
Deemed consideration on acquisition	12,026	

The significant difference between the carrying values of the assets and liabilities as reflected by Plethora in its books and the fair values of the same as determined by the Group at 1 January 2014 is the valuation attributed to an intangible asset or patent referred to as PSD502™, a pharmaceutical product for the treatment of PE. Plethora has self-developed this product and has not capitalised any of the costs used to develop PSD502™ nor any of the future value this product may derive. The Group, with the assistance of a professional independent valuation expert, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, have determined the fair value of PSD502™ to be in the region of GBP 153 million (or approximately US$253 million).

The valuation of PSD502™ was based on the "relief from royalty method", whereby the value of the patent is based on the present worth of future economic benefits to be derived from the projected royalty income. This method is a widely accepted and commonly used valuation method to value intangible assets, including patents and trademarks. Key assumptions underlying the valuation were the discount rate, which ranged from 17% to 21%, life of the patent, market size and expected market share, royalty rates that can

be achieved, timing of product launch dates and sales volumes. A corresponding deferred tax liability of US$25.35 million (or GBP 15.30 million) was determined based on the valuation of the patent (PSD502™) using the expected corporate tax rate at which the royalty income from this intangible asset will be taxed at. Further details of the operations, progress of development and key factors underlying Plethora's business are set out in the section of "Review of Results and Operations" below.

As a result of this fair value exercise, the Group determined there was a bargain purchase gain arising from the equity accounting of Plethora of US$18,005,000. Subsequently, on 10 January 2014, the Group acquired a further 4,000,000 ordinary shares of Plethora, which increased the Group's ownership to 14.81% for a consideration of US$711,000. The Group made a further bargain purchase gain of US$1,370,000, giving rise to a total gain from bargain purchase of US$19,375,000. This has been credited as income in the consolidated statement of comprehensive income.

The Group's share of the results in Plethora and its aggregated assets and liabilities are shown below:

	(Unaudited) For the six months ended 30 June 2014 US$'000
Assets	35,867
Liabilities	(5,634)
Revenue	—
Share of loss*	(1,817)
Percentage held	14.81%

* including US$1.4 million of amortisation of the patent, net of deferred tax liabilities.

Movement in interests in associates for the six months ended 30 June 2014 is summarised in the table below:

	(Unaudited) As at 30 June 2014 US$'000
Beginning of the period	9,134
Reclassified from FAFVPL	12,026
Addition	711
Gain from bargain purchase of associate	19,375
Share of results of associates	(2,974)
Unrealised exchange loss on translation	(377)
End of the period	37,895

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

	(Unaudited) As at 30 June 2014 US$'000	(Audited) As at 31 December 2013 US$'000
Trade payables	100	100
Deposit received, accruals and other payables	2,967	3,205
	3,067	3,305

At 30 June 2014 and 31 December 2013, the ageing analysis of trade payables was as follows:

	(Unaudited) As at 30 June 2014 US$'000	(Audited) As at 31 December 2013 US$'000
Due within 1 month or on demand	—	—
More than 6 months	100	100
	100	100

Included in trade payables were those payables placed in trust accounts amounting to US$29,000 as at 30 June 2014 (31 December 2013: US$29,000).

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

9. Deferred Tax

The movements of deferred tax assets and liabilities during the period/year are as follows:

	(Unaudited) For the six months ended 30 June 2014 US$'000	(Audited) For the year ended 31 December 2013 US$'000
At the beginning of the period/year	—	7,197
(i) Reversal of CGT on gain of BC Iron Limited ("**BCI**") shares	—	(11,681)
(ii) Reversal of deferred tax asset arising from unrealised capital loss on Venturex shares	—	5,347
Net credit to profit or loss for the period/year	—	(6,334)
(iii) Exchange gain arising from movement in A$ versus US$	—	(863)
At the end of the period/year	—	—

(i) In 2012, deferred tax charge arisen from the potential CGT payable on the unrealised gain of the Company's interests in equity shares of BCI in the amount of A$12,784,000 (approximately US$13,274,000) was charged to the profit or loss. On 16 January 2013, the Company sold its BCI shares. The Australian Taxation Office ("**ATO**") considered that CGT was payable in relation to the realised gain on such disposal. On 24 January 2013, the Company received orders from the Federal Court of Australia in relation to a notice of assessment issued by the ATO ("**Assessment**") for the amount referred to above. The amount of the potential tax was due and payable on 2 December 2013, and the orders provided that the Company must not remove from Australia or dispose of, deal with or diminish the value of its assets in Australia up to the unencumbered value of the amount assessed. The Company sought external professional advice in relation to the orders and assessment and understands that the ultimate determination of the potential taxation liability will be subject to a valuation of BCI's real property (including mining tenements) and non-real property assets. In light of the Assessment and orders, the Directors made a provision for CGT as per the Assessment as at 31 December 2012 pending a final report and conclusion by the Company's professional advisors on this matter.

During the financial year ended 31 December 2013, the Company received independent valuation advice from its professional advisors indicating that, based on a valuation of BCI's real property (including mining tenements) and non-real property assets, the Company has strong and compelling grounds to challenge the Assessment in its entirety. As a consequence of the advice received, the Company wrote back the provision for CGT made in 2012 on the gain on BCI shares (which was shown under deferred tax as explained above) amounted to US$11,681,000 for the six months ended 30 June 2013.

(ii) The Company and its advisers are also closely monitoring any developments in Australian taxation law that may be relevant to its analysis and position and should any change or development take place the Company will, following advice, revisit its treatment of the potential Australian tax should the need arise. In this respect the Board noted that, during the period to 30 June 2014, there have been further legal developments regarding the Australian taxation rules applicable to the Company and its prior disposal of its investment in BCI. In light of these developments the Company has taken further external advice from its Australian advisers as to its position. Notwithstanding these developments and following the updated advice received, the Directors continue to believe that the Company has strong and compelling grounds to challenge the Assessment in its entirety. Should any change to Australian law or the interpretation thereof render the approach adopted by the Company and its external advisers in relation to this matter as being no longer correct or consistent with the relevant change or development, whether in whole or part, the calculations supporting the Company's position (with respect to the value ascribed to BCI's real property (including mining tenements) and non-real property assets at the relevant time) may change and potentially have a material and adverse effect on the Company's accounts going forward.

The Company is continuing to work closely with its Australian advisers to determine the most appropriate course of action in respect of resolving the matter with the Commissioner of Taxation and will provide further updates to the market in due course.

In 2012, the Company recognised a CGT credit or deferred tax asset arising on the unrealised capital loss on its investment in another Australian equity investment, Venturex. CGT credits may only be recognised or utilised to the extent the Company has CGT charges it can be used to offset against, such as the unrealised gain on BCI shares. Accordingly the Company recognised a deferred tax asset in respect of CGT for Venturex of US$6,076,000 in 2012.

Because of the sale of BCI shares in January 2013, there were no other potential CGT charges against which the Company could offset its CGT credits arising from the unrealised losses on its Venturex investment. Consequently, the Directors were not able to indicate with certainty that the Company would have future taxable capital gains to utilise the CGT credits on Venturex and the deferred tax asset arising from the unrealised capital loss on Venturex carried forward from 2012 was reversed in 2013.

(iii) During the year ended 31 December 2013, the Company recognised an exchange gain of approximately US$1,592,000 in relation to the potential CGT arising on the gain of BCI shares (as explained in (i) above) and an exchange loss of approximately US$729,000 in relation to the potential deferred tax assets on the unrealised loss of Venturex shares (as explained in (ii) above) as a consequence of the depreciation of the A$ against the US$ of approximately 12% during the year ended 31 December 2013. In aggregate, there was a net exchange gain of approximately US$863,000.

No deferred tax asset or liability has been recognised for the six months ended 30 June 2014.

10. Dividends

	(Unaudited)	
	For the six months ended	
	30 June 2014 US$'000	30 June 2013 US$'000
Special, paid - HK$0.13 per share	—	58,436

No interim dividend has been declared in respect of the six months ended 30 June 2014 (2013: nil).

REVIEW AND PROSPECTS

MAIN ACTIVITIES

The Group's principal activities during the period were:

- With effect from 1 January 2014 and in recognition of the Company's significant investment in Plethora, Jamie Gibson was appointed as CEO of Plethora and tasked primarily with driving Plethora's commercialisation of PSD502™. Following this appointment, the Company has equity accounted for its investment whereby the Group's consolidated financial statements reflect its share (currently 14.81%) of the net loss of Plethora

- Helping Plethora secure the appointment of PSNW in March 2014 to undertake the manufacturing development leading to the successful introduction of a new 6 dose canister of PSD502™ for PE. This is a key final step in making product available for Plethora's marketing partners that will enable a launch of the product in multiple territories

- Continuing to work with Plethora's management team to unlock that value as quickly as possible through bringing to closure negotiations with potential strategic commercial marketing partners. In this respect, Plethora has received several expressions of interest for out-licensing PSD502™ in the US, EU and other territories. Negotiations are at a more advanced stage with a number of potential marketing partners and Plethora is hopeful that an announcement will be made in this regard over the coming months. However, shareholders should please note that given the nature of licensing talks, it is not possible to determine with accuracy the timing of completing such agreements, nor to give guidance on the terms thereof

- Production of coke and related by-products at West China Coking and Gas Company Limited ("**West China Coke**") chemical plant in Yunnan Province, China, a Sino-foreign joint venture of which the Group holds an indirect 25% interest

- Maintaining and actively monitoring its existing and significant investment of approximately US$6.62 million in Trinity, representing approximately 4.12% of the share capital of the company

- Maintaining and actively monitoring its existing and significant investment of approximately US$5.75 million in Condor, representing approximately 10.38% of the share capital of the company

- Maintaining and actively monitoring its existing and strategic investment of approximately US$2.93 million in Venturex, representing approximately 33.47% of the share capital of the company

- Maintaining and actively monitoring its existing and significant investment of approximately US$3.50 million in Endeavour, representing approximately 1.09% of the share capital of the company

- Maintaining and actively monitoring its existing and strategic investment in Regent Markets, a 49.90% associated company, which, for the six months ended 30 June 2014, has recorded turnover of US$194.03 million, a 14.61 % decrease over the corresponding period in 2013, and a net profit of US$2.72 million (2013: US$3.01 million)

- Continuing to evaluate existing investments around their natural life cycle with a view to continuing to execute our stated and successful strategy of divesting non-core assets and investments

- Evaluation of other exploration and business development opportunities in Australia, China, Indonesia and elsewhere.

FINANCIAL RESULTS

The Group reported profit attributable to the shareholders of the Company for the six months ended 30 June 2014 of US$12.68 million (2013: loss of US$26.90 million).

While the first half of 2014 was another challenging period for the global economy, together with commodities and financial markets, economic conditions continue to improve with positive signs overflowing into the second half of the current financial year and beyond.

During the period, financial markets underwent (and continue to undergo) a significant transition as strengthening growth in high-income economies prompted an end to the extraordinary stimulus measures taken in the wake of the global financial crisis, culminating in portfolio adjustments by international investors away from developing country assets, leading to a significant decline in capital flows.

Closer to home, fiscal system transparency remains a key aspect of reform in China, with an expected reshaping of the relationship between central and local government. However, as credit conditions in China continue to come under increased scrutiny, the Chinese economy is now in a period of tighter monetary and fiscal policy, as the central government addresses challenges associated with local government debt. Accordingly, volatility will continue as growth in China moderates from the relatively rapid rates seen during the past decade with the inevitable transition towards a consumption based economy. All that said, growth in China is expected to remain at about 7.5% in 2014 as authorities seek to rein in credit and advance reforms while ensuring a gradual transition to a more balanced and sustainable growth path.

We are seeing developed market growth cushioning the effect of a slowing China. However, several commodities are experiencing supply issues with copper and zinc our preferred base metal plays and we expect prices to strengthen in 2014 compared to 2013. The broader commodity market picture is one in which supply shifts for many commodities are expected to more than offset the price effects of the projected strengthening in global activity. The flatlining growth anticipated in China is unlikely to result in declines in China's commodity consumption, which should continue to increase with per capita income levels projected into the future. However, the growth and composition of commodity consumption in China should change as the country's economy rebalances from that of investment to more consumption-driven growth.

While we expect commodity markets to remain volatile, the recent bearish or consolidating sentiment has resulted in attractive asset valuations that your company is well positioned to take advantage of.

In light of the Company's significant investments in listed securities of companies engaged in the mining sector the Company is continuing to closely monitor the markets and manage its investments as it does in the ordinary discharge of its business.

To date, the aggregate value of the Group's existing investment portfolio of listed securities, while fluctuating daily with the equity and foreign exchange markets as they are being marked-to-market, are largely tracking in line with the relevant resources indices.

The Group's associates, Regent Markets, West China Coke and Plethora, contributed a share of profit of US$1.28 million, loss of US$2.43 million and loss of US$1.82 million respectively to the Group for the six months ended 30 June 2014.

We are in a strong financial position with no debt, having cash, listed and unlisted securities of US$34.44 million as at 30 June 2014.

Shareholders' equity increased by 20.72% to US$71.14 million as at 30 June 2014 from US$58.93 million as at 31 December 2013.

REVIEW OF RESULTS AND OPERATIONS

Divestments

During the period, the Group has continued to evaluate existing investments around their natural life cycle with a view to further executing our stated and successful strategy of divesting non-core assets and investments. This work will continue and the market will be informed of any significant divestments as and when they arise.

Plethora

The Company had a 14.81% interest in Plethora as at 30 June 2014, whose shares are listed on AIM. Plethora was founded in 2004 to develop PSD502™, which is for the treatment of PE, and is headquartered in the UK.

Plethora continues to be focussed on the development and commercialisation of its principal pharmaceutical product PSD502™, now known under the name of Fortacin, following approval granted by the European Medicines Agency ("**EMA**") in July 2014. During the period Plethora has been primarily focussed on delivering on its core objectives of redesigning the canister through which the doses are applied, establishing a new production line in the United Kingdom, securing a commercialisation agreement for the promotion and distribution of Fortacin in Europe and guiding the product through the US Food and Drug Administration ("**FDA**")'s New Drug Application ("**NDA**") process in the US. On the basis the current stage of development, no sales were recorded during the period.

Commercialisation of Fortacin

Plethora is in the advanced stages of agreeing a European licensing agreement ("**European Licensing Agreement**") with a European pharmaceutical partner (the "**European Partner**"), under which Plethora would license the rights to commercialise PSD502™ in Europe, Russia (including Plethora wealth of Independent States), Turkey and North Africa to the European Partner. Plethora would retain full commercialisation rights for the Rest of the World (as defined below), including but not limited to North America, Latin America, the Asia Pacific region, the Middle East and Sub-Sahara Africa.

It is anticipated that the potential European Licensing Agreement would involve Plethora receiving:

- a payment of EUR 5 million (or approximately US$7 million) upon the signing of the European Licensing Agreement (in limited circumstances, if there are material issues in the final development stages of a six dose can, EUR 4 million (or approximately US$5 million) may be refundable to the European Partner);
- a payment of EUR 6 million (or approximately US$8 million) upon grant of variant approval from the EMA for a new six dose can;
- a payment of up to EUR 10 million (or approximately US$13 million) for the launch of first commercial sales in France, Germany, Italy, Spain and Portugal;
- up to EUR 25 million (or approximately US$34 million) in sales-based milestones; and
- tiered percentage royalties on net sales, ranging from the mid-teens to the mid-twenties for 10 years from first commercial sale, and thereafter at a single digit royalty rate.

It is further anticipated that the potential European Licensing Agreement would involve the European Partner assuming responsibility for commercialisation activities in the licensed territories, with the European Partner also funding all costs associated with the sales and marketing programmes, and all additional regulatory filings that it intends to pursue in the licensed territory.

Whilst there can be no certainty or guarantee, the board of Plethora anticipates that the European Licensing Agreement will be entered into by 17 September 2014. However, it is not yet possible to determine with accuracy the timing of completing these discussions and importantly whether the parties reach a final agreement.

Manufacturing and product configuration

In March 2014, Plethora announced that it had entered into an agreement with PSNW to develop a new six dose canister and establish a production line for the manufacture of PSD502™, allowing Plethora to achieve optimal price points per unit sold in accordance with the advice provided by specialist marketing consultants. This manufacturing partnership was a key development in the process of bringing PSD502™ to market in the EU and assisting in the submission of the NDA in the US.

PSNW has now completed the development work of a new six dose canister, enabling the commencement of the next phase going into a 5 litre pilot study followed by 3 100 litre Good Manufacturing Practice ("**GMP**") batch stability and validation work for a new six dose canister, which will be a 17ml can with a diptube.

Following the completion of the GMP batch stability and validation studies at the end of 2014, an application will be submitted to the EMA for an approval of a variation of the existing marketing authorisation for a new 6 six dose can. Plethora now expects the Committee for Medicinal Products for Human Use approval to be granted during Q3 of 2015 because on 21 March 2014, EMA changed its guidelines for stability testing related to variation applications made after 21 September 2014. The new guidelines require 6 months stability date on GMP batches rather than the previous 3 months under the old guideline. It is this varied marketing authorisation that will pave the way to the commercial launch of the product in Europe via the European Partner immediately thereafter.

Background to the rights to commercialise PSD502™

In 2007, Plethora entered into the first of several agreements with Shionogi Inc. ("**Shionogi**") under which the parties agreed that they would co-promote PSD502™ in the US following regulatory approval. In two successive agreements in the first half of 2009, the global rights for PSD502™ were acquired by Shionogi. Paul Royalty Fund Holdings II LP ("**Paul Capital**") had historically provided funding to Plethora in connection with the development of PSD502™. As part of the 2009 agreements, Paul Capital's then existing financial interests in Plethora and PSD502™ were extinguished and replaced by two separate royalty entitlements granted by Plethora and Shionogi respectively.

In September 2011, Plethora entered an agreement with Shionogi whereby it regained operational and economic control of PSD502™ in Europe and the Rest of the World (defined to exclude the "Shionogi Territory" which encompassed North America, South America, Japan, Korea, Taiwan and China). In

return, Plethora agreed to pay to Shionogi an undisclosed minority percentage share of the net income it received from the commercialisation of PSD502™.

In August 2013, Plethora entered a further agreement with Shionogi to take operational and economic control of PSD502™ for the Shionogi Territory. This meant that the rights to exploit the global commercial and economic rights of PSD502™ had been consolidated and placed under the control of Plethora. This was a significant development in terms of Plethora's ability to engage with potential manufacturing and commercial partners as the exclusive custodian of these rights throughout the world. Under the terms of this agreement, Plethora undertook to file, at its own cost, an NDA with the FDA. In addition, the parties agreed that they would share the income arising from the additional territories in a fixed proportion, with Plethora retaining the majority proportion.

Plethora has reached agreement to which it will own the entire economic benefit of all revenue streams generated from PSD502™ to commercial marketing partners in the future on a global basis. In return for entering into the cessation agreements, Plethora will pay to Shionogi, Paul Capital and Dr. Richard Henry (the "**Original Patent Holder**") a sum totalling US$25 million.

Terms of the Cessation Agreements and the Patent Transfer Agreement

The Cessation Agreements and the Patent Transfer Agreement are conditional only upon the passing of the resolution at a general meeting of Plethora expected to be held on 17 September 2014 and the entering into the European Licence Agreement and the successful completion of the placing and subscription (see below).

Furthermore, the Cessation Agreement between Plethora and Paul Capital is conditional upon all funds payable under it being paid to Paul Capital by no later than 22 September 2014. It may be possible that such date may be extended by agreement between Paul Capital and Plethora. However, there is no guarantee of this.

In exchange for the payment of US$25 million in aggregate to Paul Capital, Shionogi and the Original Patent Holder by Plethora, the Cessation Agreements and the Patent Transfer Agreement provide for the termination of all royalty entitlements for Paul Capital, Shionogi and the Original Patent Holder relating to PSD502™ and the acquisition by Plethora of all patents and all other intellectual property rights related to PSD502™. In addition, the Cessation Agreements provide for the termination and release of all other claims that Paul Capital, Shionogi and the Original Patent Holder may have against Plethora or PSD502™. As such, the Cessation Agreements constitute a "clean break" between Plethora on the one hand and Paul Capital, Shionogi and the Original Patent Holder respectively on the other.

Following completion of the Cessation Agreements and the Patent Transfer Agreement, Plethora will be free to pursue the development, marketing and distribution of PSD502™ without any involvement from Paul Capital, Shionogi or the Original Patent Holder, and Plethora will control the entire economic benefit of all future revenue streams generated from the "out licensing" of PSD502™ to commercial marketing partners on a global basis.

If Plethora successfully completes the private placing and subscription, it would raise GBP 15.9 million (or approximately US$26.2 million) before expenses. The net proceeds from the placing will be used to pay US$25 million to Shionogi, Paul Capital and the Original Patent Holder as consideration for the release of their rights to a share of future royalty income relating to PSD502™. The remainder of the funds, together with a further expected investment of GBP 2.28 million (or approximately US$3.76 million) from Regent, raised will be used to:

- to finance the ongoing costs of the processes required to prepare an NDA and file and prosecute this with the FDA;
- to finance the ongoing costs of the manufacturing and development work with PSNW for a new 6 dose can; and
- to provide ongoing working capital needs of the business.

Financial results

During the first half of 2014 Plethora recorded an operating loss of GBP 1,972,000 (H1 2013 GBP 1,165,000, FY 2013 GBP 2,898,000).

This loss comprised research and development ("**R&D**") costs related to the regulatory development of Fortacin of GBP 1,052,000 (H1 2013 GBP 550,000, FY 2013 GBP 1,312,000) and administrative expenses of GBP 920,000 (H1 2013 GBP 615,000, FY 2013 GBP 1,586,000). The underlying R&D costs and administrative expenses were broadly lower than the board's expectation but in line with budget after adjusting for non-cash related share option costs. R&D costs are currently been driven by the project to establish a manufacturing line with the Company's manufacturing partner. Although these costs are expected to fall significantly following the year end overall costs are expected to be maintained as the US FDA approval process begins to gather pace supported by a final clinical trial using the latest batches of manufactured product. The Plethora board has taken action to reduce employee and directors' costs within administration expenses during the year. Staff and directors' fees, excluding share option costs, for the period were GBP 113,000 (H1 2013 GBP 196,000 FY 13 GBP 621,000). In addition, Plethora has taken into account an amortisation charge of GBP 819,000 (net of tax) for the six months to 30 June 2014 arising from the recognition of an intangible asset (patent relating to PSD502™) on initial recognition of Plethora as an associate as at 1 January 2014. Further details of this intangible asset are set out in note 7 to this announcement.

A net finance income of GBP 242,000 (H1 2013 cost GBP 456,000, FY 2013 cost GBP 6,152,000) was recognised in the interim results for the six months ended 30 June 2014. The credit was generated by a revaluation of the cost of the warrant instruments as at 30 June 2014 in line with the current share price which generated a partial release of the provision back to the profit and loss account.

On the basis that all R&D expenditure is expensed there were no significant balance sheet movements to comment upon during the six months ended 30 June 2014.

At 30 June 2014 Plethora had cash resources of GBP 1,061,000 (H1 2013 GBP 552,000, FY 2013 GBP 3,117,000).

Outlook

Plethora is on track in relation to all its key performance measures as it moves along the path to establishing an approved manufacturing facility and bringing Fortacin to market. The anticipated first commercialisation agreement with its European Partner will represent a major milestone in the development of the business. This should help to pave the way to new agreements in new territories in parallel with continued progress towards FDA approval to facilitate the launch of the product in the key North American market.

With effect from 1 January 2014 and in recognition of the Company's significant investment, Jamie Gibson was appointed as CEO of Plethora and tasked with the driving the company's successful commercialisation of PSD502™.

West China Coke

During the six months ended 30 June 2014, West China Coke's operations produced a total of 256,255 tonnes of coke, 17,770 tonnes of refined methanol, 9,827 tonnes of tar, 1,823 tonnes of ammonium sulphate and 2,855 tonnes of crude benzol. This produced revenue of RMB 1,329 million or US$215.51 million (2013: RMB 765.31 million or US$123.63 million) and a net loss of RMB 59.98 million or US$9.73 million (2013: profit of RMB 6.06 million or US$0.98 million). The average coke price and methanol price received in the six months ended 30 June 2014 was RMB 1,148 per tonne (approximately US$186.16 per tonne) and RMB 2,507 per tonne (approximately US$406.54 per tonne), respectively.

Regent Markets

Regent Markets reported turnover for the six months ended 30 June 2014 of US$194.03 million, a 14.61% decrease over the corresponding period in 2013. Net profit for the six months ended 30 June 2014 was US$2.72 million (2013: US$3.01 million). The company continues to lead the UK's fixed-odds financial betting sector and is consolidating this lead by laying emphasis on its website technology and client service.

We continue to believe that there is hidden value within Regent Markets, where on a successful sale or listing of Regent Markets significant value could be "unlocked". For example, if a price earnings ratio of 7.5x 2013 earnings was applied on a successful sale or listing, a total value of approximately US$46.5 million for Regent Markets would be given. The carrying value of our investment in Regent Markets in our balance sheet at 30 June 2014 is US$6.15 million. Therefore, as part of our targeted divestment program, we are considering a divestment of Regent Markets in 2014 that would seek to unlock this potential hidden value for the benefit of our shareholders

Venturex

The Company actively monitored and maintained its strategic position in Venturex, representing approximately 33.47% of its issued share capital, which for the six months ended 30 June 2014 has suffered a marked to market loss of 36.72%.

During the period, Venturex continued to further optimise the feasibility study on its Pilbara Copper-Zinc Project ("**Project**"). The optimisation process is being advanced as the medium term outlook for growth in both copper and zinc consumption continues to strengthen. The Project metrics, as defined in the feasibility study released in December 2012, include:

- An 8.5 year mine life with strong potential for mine life extensions given only three of six known mineral resources were included in the study
- Annual payable metal production of 16,500 tonnes copper, 30,000 tonnes zinc and 200,000 ounces of silver
- Cash costs of US$1.57/lb of copper equivalent (net of by-product credits)
- Capital costs which equate to US$10,500/ tonne of annual copper equivalent production.

Venturex is seeking to increase the Project's scale and extend the mine life via continuing exploration on the expansive Pilbara tenement package whilst also investigating capital refinement opportunities.

The key milestones achieved by Venturex during the period included the following:

- Received approval of the Mining Proposal for the development of the Project at the Sulphur Springs Site by the WA Department of Mines and Petroleum. The granting of the Mining Proposal represents the final core government approval making the Project now "development ready". Venturex has stated that the Project can now be advanced to a development decision rapidly on finalisation of funding discussions.
- A total of 4 drill holes (1,421.8 metres) were drilled at the Midway prospect, which is located between the Sulphur Springs and Kangaroo Caves copper-zinc deposits. The drilling identified several zones of anomalous trace element geochemistry which will assist with the interpretation and targeting of future drilling in the Midway area.
- Entered into an agreement with a private company, Blackrock Metals Pty Ltd, for the reprocessing of the existing Whim Creek oxide copper heap leach pads previously constructed by Straits Resources Limited at the Whim Creek site. Under the agreement, Venturex has granted Blackrock access rights to the existing Whim Creek oxide copper processing site for the purpose of reprocessing the existing heap leach pads to recover copper metal through a refurbished five tonne per day SX - EW treatment facility. Venturex will hold a 15% Net Profit Interest in the reprocessing operation which will contribute to the ongoing environmental and administration costs of the overall Whim Creek mine site.

Condor

The Company actively monitored and maintained its strategic position in Condor representing approximately 10.38% of its issued share capital, which for the six months ended 30 June 2014, enjoyed a marked to market gain of 29.21%.

Condor's concession holdings in Nicaragua currently contain an attributable NI43-101 compliant resource base of 2.33 million ounces of gold at 3.9 g/t with a 1.14 million ounce high grade (3.1 g/t) open-pittable resource and an underground resource of 238k ounces at 5.1 g/t. The remainder of the resource areas (952k ounces), which have not been subject to Whittle Pit modelling, have been estimated using a 1.5g/t cut-off, reflecting an anticipated combination of open pit and underground mining.

In March 2013, Condor announced the results of a preliminary economic assessment on their Nicaraguan project, La India. The highlights of the assessment were:

- A 13 year mine life using both open pit and underground mining methods
- Total gold production of 1,463,000 ounces with average annual production of 152,000 ounces
- Years 1 through 4 of the mine life produce an average of 172,000 ounces of gold per annum
- Life of mine average cash costs of US$575 per ounce
- Pre-production capital cost of US$180.5 million for mine construction and processing plant construction.

During the reporting period, the key milestones achieved by Condor on their core La India project included:

- Following a review of the 3,351 line kilometre helicopter-borne geophysics survey that was undertaken in November 2013, Condor identified eight targets outside of existing resource areas. Over 400 rock chip samples were taken from all eight different target areas with 90 assaying above 1g/t gold and 22 returning assay results above 10g/t gold. Of the eight target areas, the Dos Hermanos Vein was interpreted as a backbone structure, with rock chip samples of up to 67.7g/t Au from a quartz - calcite - clay vein. Another highlight of the review was the identification of quartz vein outcrop with a 5 kilometre strike length to the south of the La India Open Pit Resource. This area is thought to have significant potential for additional gold resources in close proximity to the main mining area.
- Completed over 3,500 metres of trenching aimed at testing the regional targets identified in the aforementioned geophysical survey. The trenching program returned some exciting results which included 39.6 metres at 0.98 g/t gold, 4 metres at 16.4 g/t gold, 6 metres at 7.65 g/t gold and 16.15 metres at 2.2 g/t gold.

- Awarded a contract to Lycopodium Minerals Canada Ltd ("**Lycopodium**") to provide a Pre-Feasibility Study ("**PFS**") level process engineering design for a processing plant, a capital cost estimate for the project and to prepare components of a PFS report to NI 43-101 standards. This report will support and be used as input for an updated overall PFS report for the Project. The involvement of Lycopodium is significant as they are a world leader in the design, engineering and construction of gold mines and provide a clear pathway from the current technical studies through to construction and operation of the high grade La India Project.

Trinity

The Company actively monitored and maintained its strategic position in Trinity representing approximately 4.12% of its issued share capital, which for the six months ended 30 June 2014, has suffered a marked to market loss of 26.21%.

While Trinity production has remained relatively flat since 2013 at approximately 3,800 boepd, the company has grown its reserve base through exploration of its east coast properties (Galeota, Trintes) and a recently announced US$23 million acquisition of natural gas properties on the west coast of Trinidad. The acquisition will allow Trinity to diversify its asset base to include a significant gas field development that has previously been mapped and delineated by an industry major. The project is in close proximity to existing west coast infrastructure and, as such, should ultimately allow Trinity to access a domestic gas market that is currently underserved and in need of significant new volumes to satisfy industrial and power generation demands.

Prior to the acquisition, Trinity's 2P reserves were approximately 49 mmboe and this number should increase substantially once the new gas reserves are fully evaluated. At present, the newly acquired reserves are considered to be "contingent" but could be upgraded to "probable" and "proven" once a gas sales agreement and field development plan are approved and drilling is undertaken. The recent announcement represents a strategic shift for the company which had previously focused on adding reserves and production through exploration and development of its 100% crude oil asset base. Following closing of the transaction in Q3 2014, the company will no doubt have to review plans for capital allocation across its portfolio, since there are now multiple projects competing for internal cash flow. Such a review will likely highlight the necessity to source outside capital in the form of joint venture financing, non-core asset sales or new equity. Project debt is also a possibility, but not necessarily a preferred source of funding given the exploration component of most of the projects to be undertaken.

In an effort to increase near term cash flow, the company also announced in its Q2 2014 operations update that low risk onshore and 'work-over' projects will be ramped up in the second half of 2014. In parallel, the recently drilled B-9X well will be completed for production and a field development plan for TGAL (east coast off-shore) will be finalised, following the successful initial "TGAL-1" exploration well that was competed in December 2013.

For the remainder of 2014 and into 2015, Trinity management will be tasked with a full assessment of the assets now at their disposal and they are expected to reveal a revised capital budget that will be designed to maximize the company's growth potential. Regent's position in Trinity remains 4.12% of the total shares on issue.

Endeavour

The Company actively monitored and maintained its strategic position in Endeavour representing approximately 1.09% of its issued share capital, which for the six months ended 30 June 2014, enjoyed a marked to market gain of 72.41%.

Endeavour is a Canadian-based gold mining company focused in West Africa. The company owns four gold mines in Ghana, Burkina Faso, Cote D'Ivoire and Mali which produced approximately 325k ounces in 2013 with all in sustaining costs estimated at under US$1,100 per ounce. Endeavour is on a growth trajectory with 2014 production forecast to be between 400k and 440k ounces of gold at an all in sustaining cost of between US$985 and US$1,070/ounce. At a US$1,250 gold price and using mid-guidance values for gold production, royalties, cash costs, corporate G&A and sustaining capital, Endeavour is expecting to generate an all in sustaining cash margin of approximately US$95 million.

The company is generating significant operating cash flows which is planned to fund further exploration and development growth. It is anticipated that the company's next development project will be the Hounde gold project in Burkina Faso. Key parameters of the Hounde project are:

- Average annual production of 178k gold ounces per year over an 8.1 year life of mine
- LOM production of 1.44 million ounces
- An average gold recovery of 93.3% via a SAG/ball mill (SABC) grinding circuit followed by gravity/CIL plant capable of treating 3.0 million tonnes per annum (nameplate capacity: 9,000 tonnes per day)
- Proven and Probable reserve of 25 million tonnes with an average grade of 1.95 g/t gold
- Initial start-up capital of US$315 million
- Forecast life of mine direct cash cost of US$636 per ounce and all-in sustaining cost of US$775 per ounce (including royalties and rehabilitation and closure)

During the reporting period, the key milestones achieved by Endeavour on their project portfolio included:

- The production of a record 228k ounces for the six months to 30 June 2014 suggesting that the company will produce at the upper end of guidance for the 2014 reporting period.
- Completing the transition to owner operator at their Tabakoto project in Mali. The move from contract mining to owner operator is aimed at reducing operating cash costs at Tabakoto by US$130/ounce to less than US$840/ounce.
- Commencing production stoping from the Segala underground deposit at Tabakoto.
- Successfully ramping up the Agbaou project in Cote D'Ivoire. This is the third project that the company's development team has transitioned from exploration through technical studies, permitting and production and clearly demonstrates their ability design and build projects on time and on budget. Agbaou has ramped up and is producing at an annualised rate of over 120k ounces per year.

AUSTRALIAN TAX

As announced by the Company on 28 January 2013, 18 April 2013 and 23 August 2013 and as further disclosed in the Company's half yearly and annual reports for 2013, the Company received orders from the Federal Court of Australia in relation to an Assessment issued by the Commissioner of Taxation in the amount of A$12.8 million following completion of the sale of its securities in BCI for gross proceeds of A$81.6 million. The amount of potential tax assessed was expressed to be due and payable on 2 December 2013.

Following consultation with the Commissioner of Taxation and pursuant to the terms of the Settlement Deed (as defined in the announcement dated 18 April 2013), the Company agreed to grant The Commonwealth of Australia, represented by the Commissioner of Taxation, a specific security deed (as amended by way of a deed of amendment dated 27 November 2013) (together, the "**Specific Security Deed**") in respect of certain of the Company's investments in entities listed on the Australian Securities Exchange, as security against the Assessment, in consideration of the Commissioner of Taxation taking steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and staying recovery action in respect of the Assessment until the matter is resolved within the time provided for in any relevant law following the Final Determination of Objection (as defined in the announcement dated 18 April 2013).

Having executed the Settlement Deed and Specific Security Deed, the Company has, together with its external advisers, continued to focus on the merits of the Assessment. From advice received, the Company understands that the ultimate determination of the potential taxation liability will be subject to a valuation of BCI's real property (including mining tenements) and non-real property assets.

To this end, the Company has received independent valuation advice indicating that, based on a valuation of BCI's real property (including mining tenements) and non-real property assets at the relevant time, the Company has strong and compelling grounds based on current law in Australia to challenge the Assessment in its entirety.

Accordingly, the provision of A$12.78, million (or approximately US$11.65 million) in respect of the potential Australian taxation liability in relation to the realised gain on disposal of the Company's investment in BCI was written back in the financial statements for the half-year ended 30 June 2013 (as announced on 23 August 2013) and, prior to 2 December 2013, the Company filed a formal notice of objection with The Commonwealth of Australia, represented by the Commissioner of Taxation, objecting to the Assessment.

The Company and its advisers are also closely monitoring any developments in Australian taxation law that may be relevant to its analysis and position and should any change or development take place the Company will, following advice, revisit its treatment of the potential Australian tax should the need arise. In this respect, the Board noted that, during the period to 30 June 2014, there have been further legal developments regarding the Australian taxation rules applicable to the Company and its prior disposal of its investment in BCI. In light of these developments the Company has taken further external advice from its Australian advisers as to its position. Notwithstanding these developments and following the updated advice received, the Directors continue to believe that the Company has strong and compelling grounds to challenge the Assessment in its entirety. Should any change to Australian law or the interpretation thereof render the approach adopted by the Company and its external advisers in relation to this matter as being no longer correct or consistent with the relevant change or development, whether in whole or part, the calculations supporting the Company's position (with respect to the value ascribed to BCI's real property (including mining tenements) and non-real property assets at the relevant time) may change and potentially have a material and adverse effect on the Company's accounts going forward.

The Company is continuing to work closely with its Australian advisers to determine the most appropriate course of action in respect of resolving the matter with the Commissioner of Taxation and will provide further updates to the market in due course.

BLUE PACIFIC LITIGATION

As has been disclosed previously, the Company remains owed, inter alia, outstanding loans in respect of monies advanced by the Group to Blue Pacific Coal Pte. Ltd. (together with its associated parties and controllers, "**Blue Pacific**") in connection with the failed Indonesian coal transaction with the same, which was terminated in late 2009.

As envisaged in an Amended and Restated Investment and Cooperation Agreement dated 27 June 2008 between, inter alia, the Company and Blue Pacific (announced on the same day by way of a discloseable transaction announcement), the Group agreed to provide Blue Pacific with a loan or series of loans up to US$11,250,000 for the purpose of financing Blue Pacific's working capital and on lending to its Indonesian subsidiary for the related coal mining project, which is now defunct.

Some of the loan amount provided to Blue Pacific and certain costs and expenses were incurred by the Group. Despite the Group's persistence in seeking to recover the amounts owed, Blue Pacific has been non-responsive. Accordingly, on Friday, 20 June 2014, the Group filed a Writ of Summons and Statement of Claim with the High Court of the Republic of Singapore setting out, more particularly, its claims against Blue Pacific.

The matter is ongoing and further updates will be provided to the market should the need arise.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend in respect of the six months ended 30 June 2014.

OUTLOOK

Global activity has broadly strengthened and is expected to improve further for the remainder of the year and into 2015, with much of the impetus coming from advanced economies, with key drivers being a reduction in fiscal tightening and still highly accommodative monetary conditions. Inflation in these economies, however, has undershot projections, reflecting still large output gaps and recent commodity price declines. While activity in many emerging market economies has disappointed in a less favourable external financial environment, they continue to contribute more than two-thirds of global growth. Their output is expected to be lifted by stronger exports to advanced economies.

Looking forward, prospects are mixed. Financing conditions are likely to tighten further in the coming months as monetary policies continue to normalize. This combined with a shrinking growth differential between developing and high-income countries, should translate into weaker capital inflows to developing countries this year. Should global interest rates increase more abruptly than currently expected or market volatility becomes the new norm, more disorderly adjustments could not be ruled out.

However, despite the movement of capital between developed and developing economies, on a pleasing note global economic indicators have improved over the last few months. While China remains a major driver for commodities demand, improving economic conditions in the developed world can only help to support any fall in commodity demand resulting from the moderating growth period that China now appears to be in.

In the medium term, most economies should return to more normal growth rates. In China and India, economic growth should remain robust as these economies continue to benefit from continuing urbanization, rising living standards and an expanding middle class, which should support demand for commodities.

While we expect commodity markets to remain volatile, the recent bearish or consolidating sentiment has resulted in attractive asset valuations that your company is well positioned to take advantage of. We remain confident that on a fundamental basis, demand will be underpinned by urbanization of emerging economies and recovery of developed economies.

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.

TRADING RECORD OVER LAST FIVE YEARS

	Six months ended 30 June	Year ended 31 December				
	2014	2013	2012	2011	2010	2009
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Total income	(278)	(16,024)	(885)	(24,615)	61,158	20,553
Income less expenses before impairment losses and provision	(3,726)	(29,930)	(20,895)	(45,212)	34,134	5,212
Reversal of impairment	—	—	—	—	912	—
Impairment losses	—	(1,710)	(16,024)	(4,863)	(28)	—
Write down	—	—	—	(4,345)	—	(6,384)
Finance costs – interest on redeemable convertible preference shares and hire purchase	—	—	—	—	(2)	(170)
Operating (loss)/profit	(3,726)	(31,640)	(36,919)	(54,420)	35,016	(1,342)
Gain on disposal of the Ji Ri Ga Lang Coal Project	—	—	4,409	—	—	—
Gain on disposal of a jointly controlled entity and the Zhun Dong Coal Project	—	—	—	—	19,834	—
Gain on disposal of the Yinzishan Mining Project	—	—	—	2,401	—	—
Gain from bargain purchase of associate	19,375	—	—	—	—	—
Share of results of associates	(2,974)	(420)	(1,430)	1,705	2,915	3,447
Share of results of a jointly controlled entity	—	—	—	—	3,007	9,092
Profit/(Loss) before taxation	12,675	(32,060)	(33,940)	(50,314)	60,772	11,197
Tax credit/(payment)	—	6,334	(11,084)	—	(1,000)	—
Profit/(Loss) for the period/year	12,675	(25,726)	(45,024)	(50,314)	59,772	11,197
Non-controlling interests	1	90	170	1,787	20	(145)
Profit/(Loss) attributable to shareholders of the Company	12,676	(25,636)	(44,854)	(48,527)	59,792	11,052

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

Revenue and Profit

The Company recorded a net profit after tax and non-controlling interests of US$12.68 million for the six months ended 30 June 2014 (2013: US$26.90 million).

The corporate division recorded a loss of US$0.28 million for the six months ended 30 June 2014 (2013: US$23.97 million).

The Group's associates, Regent Markets, West China Coke and Plethora, contributed a share of profit of US$1.28 million, loss of US$2.43 million and loss of US$1.82 million respectively to the Group for the six months ended 30 June 2014.

The main elements of the profit are analysed as follows:

	US$ (million)
Share of profit from Regent Markets	1.28
Share of loss from West China Coke	(2.43)
Share of loss from Plethora	(1.82)
Gain from bargain purchase of associate	19.38
Corporate investment	(3.26)
Metals mining	(0.45)
Others	(0.02)
Total profit attributable to shareholders of the Company	12.68

Financial Position

Shareholders' equity increased by 20.72% to US$71.14 million as at 30 June 2014 from US$58.93 million as at 31 December 2013. The increase was mainly due to: (i) the gain of US$12.68 million for the six months ended 30 June 2014, and this was offset against, (ii) the decrease in market value of an available-for-sale financial asset, which reduced the investment revaluation reserve by US$0.14 million, and (iii) the decrease of the exchange reserve by US$0.33 million mainly due to share of reserve from associates.

The investments in Regent Markets of US$6.15 million, West China Coke of US$1.51 million and Plethora of US$30.23 million accounted for 8.64%, 2.12% and 42.49% of the shareholders' equity respectively. The Group's assets also comprised: (i) cash of US$6.51 million; (ii) listed and unlisted investments of US$27.93 million; (iii) derivatives financial instruments of US$0.32 million; and (iv) other assets and receivables of US$1.83 million.

The Group's liabilities comprised payables and accruals of US$3.07 million and derivative financial instruments of US$0.47 million.

Strategic Plan

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

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

- divesting of non-core assets and investments to enable the Company to pursue growth opportunities covering our targeted commodities of choice (iron ore, copper, zinc, thermal and coking coal and gold) as well as opportunistic investments in the life sciences sector;

- leverage off our expert international and local teams to tackle difficult markets, deliver results and achieve global recognition; and

- utilise the Company's Hong Kong listing through strong liquidity and access to international capital markets, together with maintaining our corporate governance and social responsibility standards in line with the policies set down by The Stock Exchange of Hong Kong Limited and best practice.

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

The current strategy of the Group can be seen in the latest Company presentation available on the Company's website.

Funding

As at 30 June 2014, the Group held cash of US$6.51 million and margin deposits of US$0.89 million with the Group's brokers for trading of derivatives, representing 9.15% and 1.25%, respectively, of shareholders' equity. The cash and margin deposit amounts do not take into account the Group's holding of FAFVPL of US$25.73 million that are valued at 30 June 2014.

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

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 2014 and 31 December 2013.

Management of Risk

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

Charge on Assets

As announced by the Group on 28 January 2013 and 18 April 2013 and noted in the paragraph headed "Australian Tax" under "Review and Prospects", the Group received orders from the Federal Court of Australia in relation to an Assessment issued by the Commissioner of Taxation in the amount of A$12.8 million following completion of the sale of its securities in BCI for gross proceeds of A$81.6 million. The amount of potential capital gains tax assessed is expressed to be due and payable on 2 December 2013.

Following consultation with the Commissioner of Taxation and pursuant to the terms of the Settlement Deed (as defined in the announcement dated 18 April 2013), the Company agreed to grant The Commonwealth of Australia, represented by the Commissioner of Taxation, a specific security deed (as amended by way of a deed of amendment dated 27 November 2013) (together, the "**Specific Security Deed**") in respect of certain of the Company's holding of 518,103,930 shares in Venturex, 10,854,568 shares in Bannerman Resources Limited and 12,700,000 shares in Tigers Realm Coal Limited, of which the market value are A$3.11 million (or approximately US$2.93 million), A$0.74 million (or approximately US$0.70 million) and A$1.91 million (or approximately US$1.80 million) as at 30 June 2014 respectively, as security against the Assessment, in consideration of the Commissioner of Taxation taking steps to discontinue the Court orders within 7 days of the date of the Specific Security Deed and staying recovery action in respect of the Assessment until the matter is resolved within the time provided for in any relevant law following the Final Determination of Objection (as defined in the announcement dated 18 April 2013).

Financial Instruments

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

In terms of the total operations of the Group, activities of this nature are not significant.

Contingent Liabilities

The Group had no material contingent liabilities at 30 June 2014.

Changes since 30 June 2014

There were no other significant changes in the Group's financial position and from the information disclosed under Management's Discussion and Analysis in the interim report for the six months ended 30 June 2014.

Employees

The Group, including subsidiaries but excluding associates, employed approximately 19 employees at 30 June 2014. 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.

INTERIM DIVIDEND

The Directors have resolved not to declare an interim dividend in respect of the six months ended 30 June 2014.

THE CORPORATE GOVERNANCE CODE

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

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

As far as the Directors are aware, the Company has complied with the code provisions set out in the CG Code during the six months ended 30 June 2014 and prior to the date of this announcement.

In compliance with Code Provision A.3.2 of the CG Code, details of the composition of the various committees of the Board are available from the "List of Directors" on the websites of the Company (*www.regentpac.com*) and the HK Stock Exchange (*www.hkexnews.hk*).

REVIEW BY THE AUDIT COMMITTEE

The interim financial report of the Company for the six months ended 30 June 2014 has been reviewed by the audit committee of the Company (the "**Audit Committee**").

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

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

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

In compliance with Code Provision C.3.4 of the CG Code, the terms of reference of the Audit Committee are available on the websites of the Company (*www.regentpac.com*) and the HK Stock Exchange (*www.hkexnews.hk*).

INTERNAL CONTROL

Pursuant to Code Provision C.2.1 of the Code on CG Practices and later the CG Code, the Audit Committee has engaged an independent professional firm to undertake a review of the Group's internal control systems, including its financial, operational and compliance functions. During the six months ended 30 June 2014, the internal audit function conducted reviews of the internal controls of prioritised processes and risk assessment performed by the Group. Observations and recommendations were well communicated with management such that risk mitigation plans were developed and executed by management to address the issues identified. Key findings were reported to and reviewed by the Audit Committee on a timely basis.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

A general mandate was granted to the Directors at the Company's annual general meeting held on 19 June 2013 to repurchase, on the HK Stock Exchange, shares up to a maximum of 348,573,052 shares (the "**2013 Repurchase Mandate**"). Since 19 June 2013, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2013 Repurchase Mandate.

The 2013 Repurchase Mandate expired upon close of the Company's annual general meeting held on 5 June 2014, at which a new general mandate was granted to the Directors to repurchase, on the HK Stock Exchange, shares up to a maximum of 348,573,052 shares (the "**2014 Repurchase Mandate**"). Since 5 June 2014 and prior to the date of this announcement, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2014 Repurchase Mandate.

Save for the above, the Company or its subsidiaries did not purchase, sell or redeem any of their listed securities, whether on the HK Stock Exchange or otherwise, during the six months ended 30 June 2014 or subsequent to the period end date and prior to the date of this announcement.

PUBLICATION ON WEBSITES

This announcement is published on the websites of the Company (*www.regentpac.com*) and the HK Stock Exchange (*www.hkexnews.hk*).

DESPATCH OF INTERIM REPORT

The interim report containing full details of the Company's unaudited interim results for the six months ended 30 June 2014 will be despatched to all its shareholders and be published on the aforesaid websites before 30 September 2014.

On Behalf of the Board of
REGENT PACIFIC GROUP LIMITED

James Mellon
Co-Chairman

Directors of the Company:

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

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

Hong Kong, 29 August 2014