Regent Pacific Group Limited

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

Interim Report 2013

Performance Overview

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

- Loss attributable to shareholders of the Company of US$26.90 million, which was mainly attributable to the marked-to-market losses in respect of the Group's listed equity portfolio of investments, which is a non-cash item
- Shareholders' equity of US$56.61 million or net asset value ("**NAV**") per share of Hong Kong cents 12.60, a decrease of 59.92% as compared at 31 December 2012, with the decrease being mainly attributable to the special dividend amounting to US$58.44 million and the loss of US$26.90 million
- Disposal of the Group's remaining position in BC Iron Limited ("**BCI**"), providing the Group with total gross proceeds (before expenses and taxes) of approximately US$84.73 million and a net realised loss of approximately US$3.99 million for the period ended 30 June 2013. However, taken as a whole, the disposal was successful because it provided the Group with an overall investment return of approximately US$48.18 million comprising sales proceeds (before expenses and taxes) of approximately US$85.06 million, a special dividend of approximately US$3.74 million, net of investment costs of approximately US$40.62 million, representing a "cash-on-cash" return of 2.19 times the Group's original cash investment, which was an outstanding result on an overall return
- Declaration of a special dividend of HK$0.13 per share (or US$58.44 million) on 28 January 2013, paid in cash on 15 March 2013
- Further investment of approximately US$4.04 million in the new enlarged Trinity Exploration & Production plc ("**Trinity**"), bringing the Group's position to approximately 3.67% of the enlarged share capital of the company
- Further investment in Condor Gold plc ("**Condor**"), pursuant to which the Group successfully subscribed for or otherwise received: (i) 3.29 million new shares for an aggregate cash consideration of approximately US$8.14 million; and (ii) the purchase on the stock market, in aggregate, up to 0.4 million shares for an aggregate cash consideration of approximately US$0.84 million, bringing the Group's position to 4.0 million shares representing approximately 10.50% of its enlarged share capital
- Increasing the Group's strategic position in Venturex Resources Limited ("**Venturex**") by participating in an entitlements issue, following which the Group's position represented approximately 33.47% of the company's enlarged share capital
- Strong financial position with no debt, with over US$40.13 million in cash, listed and unlisted securities.

The Group is pleased to report that since 30 June 2013, commodity prices have rallied, bouncing off their 1H lows. Much of the risk reversal relates to more upbeat data from China, with an uptick in base metals and bulk commodity imports helping to support both industrial complexes. The entire precious metals complex also rebounded following massive ETF net redemptions during 1H, particularly 2Q, with most of the new support coming from physical buying in China and elsewhere in Asia. Consequently, the recovery in the prices of commodities has had a positive impact on the Company's listed investment portfolio where the overall value has increased to US$33.31 million as at 28 August 2013 from US$24.85 million as at 30 June 2013.

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**" and collectively with its subsidiaries, the "**Group**") announce the unaudited results of the Group for the six months ended 30 June 2013, together with comparative figures for the six months ended 30 June 2012, as follows:

Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2013

	Notes	(Unaudited) For the six months ended 30 June 2013 US$'000	30 June 2012 US$'000
Continuing operations			
Revenue/Turnover:	3		
Corporate investment income		1,482	349
Other income		1,641	57
		3,123	406
Fair value loss on financial instruments		(27,097)	(30,640)
Total income		(23,974)	(30,234)
Expenses:			
Employee benefit expenses		(8,818)	(4,684)
Rental and office expenses		(438)	(456)
Information and technology expenses		(119)	(135)
Marketing costs and commissions		(5)	(17)
Professional and consulting fees		(509)	(346)
Other operating expenses		(347)	(955)
Operating loss	4	(34,210)	(36,827)
Share of results of associates		1,639	388
Loss before taxation		(32,571)	(36,439)
Taxation	5	5,605	—
Loss for the period from continuing operations		(26,966)	(36,439)

	Notes	(Unaudited) For the six months ended 30 June 2013 US$'000	30 June 2012 US$'000
Discontinued operations	9		
Operating loss		—	—
Gain on disposal of the Ji Ri Ga Lang Coal Project	9,13	—	4,409
Taxation	9	—	(991)
Profit for the period from discontinued operations		—	3,418
Loss for the period		(26,966)	(33,021)
Other comprehensive income			
Unrealised loss on available-for-sale financial assets		(538)	(1,027)
Exchange gain/(loss) on translation of financial statements of foreign operations		278	(23)
Reversal of exchange reserve upon disposal of subsidiaries		—	(110)
Share of other comprehensive income of associates		10	(47)
Other comprehensive income for the period		(250)	(1,207)
Total comprehensive income for the period		(27,216)	(34,228)
Loss for the period attributable to:			
Shareholders of the Company		(26,903)	(32,865)
Non-controlling interests		(63)	(156)
		(26,966)	(33,021)

	Notes	(Unaudited) For the six months ended 30 June 2013 US$'000	30 June 2012 US$'000
(Loss)/Profit attributable to shareholders of the Company arises from:			
Continuing operations		(26,903)	(36,283)
Discontinued operations		—	3,418
		(26,903)	(32,865)
Total comprehensive income attributable to:			
Shareholders of the Company		(27,154)	(34,070)
Non-controlling interests		(62)	(158)
		(27,216)	(34,228)
Total comprehensive income attributable to shareholders of the Company arises from:			
Continuing operations		(27,154)	(37,488)
Discontinued operations		—	3,418
		(27,154)	(34,070)
Losses per share from continuing and discontinued operations	6	US cent	US cent
- Basic and Diluted		(0.78)	(0.98)
Losses per share from continuing operations	6	US cent	US cent
- Basic and Diluted		(0.78)	(1.08)
Earnings per share from discontinued operations	6	US cent	US cent
- Basic and Diluted		—	0.10

Consolidated Statement of Financial Position

As at 30 June 2013

	Notes	(Unaudited) As at 30 June 2013 US$'000	(Audited) As at 31 December 2012 US$'000
ASSETS AND LIABILITIES			
Non-current assets			
Goodwill		—	—
Property, plant and equipment		245	294
Interests in associates		13,688	11,774
Available-for-sale financial assets		1,968	5,279
		15,901	17,347
Current assets			
Cash and bank balances		13,437	11,447
Financial assets at fair value through profit or loss		24,726	119,058
Prepayments, deposits and other receivables		4,440	2,441
Derivative financial instruments	12	1,484	1,571
		44,087	134,517
Current liabilities			
Trade payables, deposit received, accruals and other payables	7	(3,378)	(3,374)
Net current assets		40,709	131,143
Total assets less current liabilities		56,610	148,490
Non-current liabilities			
Deferred tax liabilities	8	—	(7,197)
NET ASSETS		56,610	141,293

	Notes	(Unaudited) As at 30 June 2013 US$'000	(Audited) As at 31 December 2012 US$'000
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital	11	34,857	34,857
Reserves		21,755	106,376
Equity attributable to shareholders of the Company		56,612	141,233
Non-controlling interests		(2)	60
TOTAL EQUITY		56,610	141,293
NAV per share:			
– US cents		1.62	4.05
– Hong Kong cents		12.60	31.40

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2013

2013	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
	Equity attributable to shareholders of the Company											
At 1 January 2013	34,857	(240,696)	333,825	3,825	8,228	–	176	(2,216)	3,234	141,233	60	141,293
Distribution of shares awarded	–	(430)	–	(1,786)	–	–	–	2,216	–	–	–	–
Dividend payment (note 10)	–	–	(58,436)	–	–	–	–	–	–	(58,436)	–	(58,436)
Share-based payment (note 4)	–	–	–	969	–	–	–	–	–	969	–	969
Share options forfeited	–	477	–	(477)	–	–	–	–	–	–	–	–
Transactions with shareholders	–	47	(58,436)	(1,294)	–	–	–	2,216	–	(57,467)	–	(57,467)
Loss for the period	–	(26,903)	–	–	–	–	–	–	–	(26,903)	(63)	(26,966)
Other comprehensive income												
Foreign currency translation adjustment	–	–	–	–	–	–	–	–	277	277	1	278
Share of reserve of associates	–	–	–	–	–	–	–	–	10	10	–	10
Unrealised loss on available-for-sale financial assets	–	–	–	–	–	(538)	–	–	–	(538)	–	(538)
Total comprehensive income for the period	–	(26,903)	–	–	–	(538)	–	–	287	(27,154)	(62)	(27,216)
At 30 June 2013	34,857	(267,552)	275,389	2,531	8,228	(538)	176	–	3,521	56,612	(2)	56,610

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

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2013

	(Unaudited) For the six months ended 30 June 2013 US$'000	30 June 2012 US$'000
Net cash generated from/(used in) operating activities		
Continuing operations	60,307	(19,111)
Discontinued operations	—	—
	60,307	(19,111)
Net cash generated from investing activities	119	19,923
Net cash used in financing activities	(58,436)	(4,814)
Net increase/(decrease) in cash and cash equivalents	1,990	(4,002)
Cash and cash equivalents at the beginning of the period	11,447	16,554
Cash and cash equivalents at the end of the period	13,437	12,552
Analysis of balances of cash and cash equivalents:		
Cash and bank balances	13,437	12,552

Notes to the Interim Financial Report

For the six months ended 30 June 2013

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 ("**HKAS**") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**").

The accounting policies used in the preparation of the interim financial report are consistent with those used in the annual financial statements for the year ended 31 December 2012, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include individual Hong Kong Financial Reporting Standards, HKASs and Interpretations) as disclosed in note 2 to the interim financial report.

The interim financial report does not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2012.

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 2013:

HKFRS (Amendments)	Annual Improvements 2009-2011 Cycle
Amendments to HKAS 1 (Revised)	Presentation of Items of Other Comprehensive Income
Amendments to HKFRS 7	Offsetting Financial Assets and Financial Liabilities
HKFRS 10	Consolidated Financial Statements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (2011)	Employee Benefits
HKAS 27 (2011)	Separate Financial Statements
HKAS 28 (2011)	Investments in Associates and Joint Ventures

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

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

Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
HKFRS 9	Financial Instruments[2]

[1] Effective for annual periods beginning on or after 1 January 2014

[2] Effective for annual periods beginning on or after 1 January 2015

Amendments to HKAS 32 — Offsetting Financial Assets and Financial Liabilities

The amendments clarify the offsetting requirements by adding appliance guidance to HKAS 32 which clarifies when an entity "currently has a legally enforceable right to set off" and when a gross settlement mechanism is considered equivalent to net settlement.

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 Group is in the process of making an assessment of the potential impact of these pronouncements.

3. SEGMENT INFORMATION

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

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

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

Coal mining was discontinued during the year ended 31 December 2011 (note 9).

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 2013

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

For the six months ended 30 June 2012

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

	Discontinued operations	Continuing operations				
	Coal Mining US$'000	Coking Coal US$'000	Metals Mining US$'000	Corporate Investment US$'000	Sub-total US$'000	Total US$'000
Segment assets						
– As at 30 June 2013 (unaudited)	—	104	21	44,207	44,332	44,332
– As at 31 December 2012 (audited)	—	100	20	134,691	134,811	134,811

4. Operating loss

	(Unaudited)					
	Continuing operations		Discontinued operations		Total	
	For the six months ended		For the six months ended		For the six months ended	
	30 June 2013 US$'000	30 June 2012 US$'000	30 June 2013 US$'000	30 June 2012 US$'000	30 June 2013 US$'000	30 June 2012 US$'000
Operating loss is arrived at after charging:						
Auditors' remuneration	60	65	—	—	60	65
Depreciation on owned property, plant and equipment	49	46	—	—	49	46
Operating lease charges on property and equipment	388	402	—	—	388	402
Share-based payment#	969	1,922	—	—	969	1,922
Loss on disposal of property, plant and equipment	—	15	—	—	—	15
Realised loss on derivative financial instruments@(2)	—	579	—	—	—	579
Realised loss on disposal of financial assets at fair value through profit or loss@(1)	3,985	377	—	—	3,985	377
Unrealised loss on financial assets at fair value through profit or loss@(1)	23,996	30,058	—	—	23,996	30,058

	(Unaudited)					
	Continuing operations		Discontinued operations		Total	
	For the six months ended		For the six months ended		For the six months ended	
	30 June 2013 US$'000	30 June 2012 US$'000	30 June 2013 US$'000	30 June 2012 US$'000	30 June 2013 US$'000	30 June 2012 US$'000
and crediting:						
Interest income on bank deposits*	83	53	—	—	83	53
Net foreign exchange gain*	1,377	197	—	—	1,377	197
Dividend income from unlisted equities*	—	75	—	—	—	75
Dividend income from listed equities*	22	24	—	—	22	24
Exchange gain arising from retranslation of potential capital gain tax (note 8(iii))	1,592	—	—	—	1,592	—
Unrealised gain on derivative financial instruments@(2)	432	374	—	—	432	374
Realised gain on derivative financial instruments@(2)	452	—	—	—	452	—
Realised gain on disposal of the Ji Ri Ga Lang Coal Project ("**JRGL Coal Project**") (note 13)	—	—	—	4,409	—	4,409

* Included in revenue.

Included in the share-based payment were (i) equity settled employee share-based payment of US$969,000 (2012: US$1,903,000) in relation to share awards granted to Directors and employees, and (ii) equity settled non-employee share-based payment of nil (2012: US$19,000) in relation to share awards granted to the Group's consultants.

@ These amounts constitute the fair value loss of US$27,097,000 (2012: US$30,640,000) in the consolidated statement of comprehensive income.

(1) During the period ended 30 June 2013, net losses on financial assets at fair value through profit or loss amounted to US$27,981,000 (2012: US$30,435,000), of which net unrealised loss of US$23,996,000 (2012: US$30,058,000) 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 2013, net profits on derivative financial instruments amounted to US$884,000 (2012: net losses of US$205,000).

5. Taxation

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

	Continuing operations		Discontinued operations		Total	
	For the six months ended		For the six months ended		For the six months ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012	30 June 2013	30 June 2012
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Deferred tax (note 8)						
– current period	(5,605)	—	—	—	(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 2013 and 2012. Overseas tax is calculated at the rates applicable in the respective jurisdictions.

Deferred tax credit for the period of US$5,605,000 (2012: nil) represents reversal of Australian Capital Gains Tax ("**CGT**") provision on certain Australian equity investments, as set out in note 8.

Share of associates' tax credit for the six months ended 30 June 2013 of US$40,000 (2012: US$34,000) are included in the consolidated statement of comprehensive income as share of results of associates.

6. Earnings/(Losses) per share

(a) From continuing and discontinued operations

The calculation of basic losses per share is based on the loss attributable to shareholders for the period ended 30 June 2013 of US$26,903,000 (2012: US$32,865,000) and on the weighted average number of ordinary shares of 3,437,124,512 (2012: 3,348,053,820) in issue during the period.

The share options outstanding have an anti-dilutive effect on the basic losses per share of the Group for the periods ended 30 June 2013 and 2012. Accordingly, the effect of the share options was not included in the calculation of diluted losses per share for the periods ended 30 June 2013 and 2012.

Subsequent to the period ended 30 June 2013 and prior to the date of this report, no ordinary shares were issued and allotted.

(b) From continuing operations

The calculation of basic losses per share is based on the loss from continuing operations attributable to shareholders for the period ended 30 June 2013 of US$26,903,000 (2012: US$36,283,000) and on the weighted average number of ordinary shares of 3,437,124,512 (2012: 3,348,053,820) in issue during the period.

The share options outstanding have an anti-dilutive effect on the basic losses per share of the Group for the periods ended 30 June 2013 and 2012. Accordingly, the effect of the share options was not included in the calculation of diluted losses per share for the periods ended 30 June 2013 and 2012.

(c) From discontinued operations

The calculation of basic earnings per share is based on the profit from discontinued operations attributable to shareholders for the period ended 30 June 2013 of nil (2012: US$3,418,000) and on the weighted average number of ordinary shares of 3,437,124,512 (2012: 3,348,053,820) in issue during the period.

The share options outstanding have an anti-dilutive effect on the basic earnings per share of the Group for the periods ended 30 June 2013 and 2012. Accordingly, the effect of the share options was not included in the calculation of diluted earnings per share for the periods ended 30 June 2013 and 2012.

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

	(Unaudited) As at 30 June 2013 US$'000	(Audited) As at 31 December 2012 US$'000
Trade payables	100	96
Deposit received, accruals and other payables	3,278	3,278
	3,378	3,374

At 30 June 2013 and 31 December 2012, the ageing analysis of trade payables was as follows:

	(Unaudited) As at 30 June 2013 US$'000	(Audited) As at 31 December 2012 US$'000
Due within 1 month or on demand	—	—
More than 6 months	100	96
	100	96

Included in trade payables were those payables placed in trust accounts amounting to US$29,000 as at 30 June 2013 (31 December 2012: US$29,000).

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

8. Deferred tax

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

	(Unaudited) For the six months ended 30 June 2013 US$'000	(Audited) For the year ended 31 December 2012 US$'000
At the beginning of the period/year	7,197	—
(i) (Reversal)/Provision of CGT on gain of BCI shares	(11,681)	13,273
(ii) Reversal/(Recognition) of deferred tax asset arising from unrealised capital loss on Venturex shares	6,076	(6,076)
Net (credit)/charge to profit or loss for the period/year	(5,605)	7,197
(iii) Exchange gain arising from movement in A$ versus US$	(1,592)	—
At the end of the period/year	—	7,197

(i) The deferred tax charge for the year ended 31 December 2012 arose from the potential CGT payable on the unrealised gain of the Company's interests in equity shares of BCI in the amount of A$12,783,976 (approximately US$13,273,602). The Company subsequently sold its BCI shares on 16 January 2013, and 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 is due and payable on 2 December 2013, and the orders provide 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 considered it appropriate to make 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 six months ended 30 June 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 has written back the provision for CGT made in the previous year on the gain on BCI shares (which was shown under deferred tax as explained above) amounting to US$11,681,000 for the six months ended 30 June 2013.

(ii) At 31 December 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 Resources Limited ("**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 at 31 December 2012.

During the current six months ended 30 June 2013, 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 the previous year was reversed.

(iii) During the six months ended 30 June 2013, the Company recognised an exchange gain of approximately US$1,592,000 in relation to the potential CGT arising on the gain of BCI shares (as explained in (i) above) as a consequence of the depreciation of the A$ against the US$ of approximately 12% during the period.

9. Discontinued operations

On 21 December 2011, the JRGL Coal Project, which constitutes the Group's business of coal mining, was disposed of to the purchasers for a total consideration of RMB 115.00 million (or equivalent to approximately US$18.20 million), payable in cash. In the financial statements, the segment of coal mining was presented as discontinued operations. The disposal of the JRGL Coal Project was completed on 17 January 2012.

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

		(Unaudited) For the six months ended	
		30 June 2013	30 June 2012
	Notes	US$'000	US$'000
Revenue/Turnover:		—	—
Expenses:		—	—
Operating loss	4	—	—
Gain on disposal of the JRGL Coal Project	13	—	4,409
Profit before taxation		—	4,409
Taxation		—	(991)
Profit for the period from discontinued operations		—	3,418
Profit for the period from discontinued operations attributable to:			
Shareholders of the Company		—	3,418
Non-controlling interests		—	—
		—	3,418

The cash flows from the discontinued operations are as follows:

	(Unaudited) For the six months ended 30 June 2013 US$'000	30 June 2012 US$'000
Net cash from operating activities	—	—
Net cash from investing activities	—	—
Net cash from financing activities	—	—
Net	—	—

10. Dividends

	(Unaudited) For the six months ended 30 June 2013 US$'000	30 June 2012 US$'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 2013 (2012: nil).

11. Share capital

Authorised:	Number of ordinary shares of US$0.01 each	US$'000	Number of unclassified shares*	US$'000	Total number of shares	Total US$'000
At 30 June 2013 and 31 December 2012	10,000,000,000	100,000	550,000,000	5,500	10,550,000,000	105,500

Issued and fully paid:	Total number of shares	Total US$'000
At 1 January 2012, 31 December 2012 and 30 June 2013	3,485,730,523	34,857

* Unclassified shares of US$0.01 each, which may be issued as ordinary shares or as non-voting convertible deferred shares of US$0.01 each

As at 1 January 2013, the total issued ordinary share capital of the Company consisted of 3,485,730,523 shares. During the six months ended 30 June 2013 and prior to the date of this report, no new shares were issued and allotted by the Company, and no shares were repurchased by the Company.

1. Share Option Scheme (2002)

The Company's share option scheme, named "Share Option Scheme (2002)" (the "**Share Option Scheme (2002)**"), which was adopted with shareholders' approval at the Company's annual general meeting held on 15 November 2002, expired on 15 November 2012, being the tenth anniversary of its commencement date. The provisions of the rules of the Share Option Scheme (2002) shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted and remaining outstanding prior to the date of the expiry.

Upon adoption of the Long Term Incentive Plan 2007 (as referred to in note 11.2) on 8 December 2007, no further options under the Share Option Scheme (2002) were granted.

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

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

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

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

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

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

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

As at 1 January 2013, under the Share Option Scheme (2002) there were outstanding and vested options entitling the holders to subscribe for an aggregate of 150,366,132 ordinary shares (1 January 2012: 153,866,132 shares) at exercise prices ranging from HK$0.266 to HK$1.152 per share, representing 4.31% (1 January 2012: 4.41%) of the Company's then issued ordinary share capital and 4.14% (1 January 2012: 4.23%) of the enlarged ordinary share capital. All the outstanding options in respect of an aggregate of 150,366,132 shares or 100% were vested (1 January 2012: all the outstanding options in respect of an aggregate of 153,866,132 shares or 100%).

During the six months ended 30 June 2013:

- No new options were granted (2012: nil);
- No vested options were exercised (2012: nil);
- Outstanding options in respect of an aggregate of 28,000,000 shares lapsed on 30 June 2013 upon termination of the employment of four employees (being: (i) three outstanding options granted on 4 April 2006 in respect of an aggregate of 17,500,000 shares at the exercise price of HK$0.300 per share; and (ii) two outstanding options granted on 2 October 2007 in respect of an aggregate of 10,500,000 shares at the exercise price of HK$1.152 per share) (2012: an outstanding option in respect of 3,500,000 shares lapsed upon termination of the employment of an employee); and
- No options were cancelled (2012: nil).

Accordingly, as at 30 June 2013, under the Share Option Scheme (2002) there were outstanding options entitling the holders to subscribe for an aggregate of 122,366,132 ordinary shares (30 June 2012: 150,366,132 shares) at exercise prices ranging from HK$0.266 to HK$1.152 per share, representing 3.51% (30 June 2012: 4.31%) of the Company's then issued ordinary share capital and 3.39% (30 June 2012: 4.14%) of the enlarged ordinary share capital. All the outstanding options in respect of an aggregate of 122,366,132 shares or 100% were vested (30 June 2012: all the outstanding options in respect of an aggregate of 150,366,132 shares or 100%). Exercise in full of the outstanding options would result in the issue of 122,366,132 additional ordinary shares for aggregate proceeds, before expenses, of HK$80,567,528 (approximately US$10,329,170).

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

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

i. *Directors, Chief Executive and substantial shareholders*

As at 1 January 2013, outstanding and vested options in respect of an aggregate of 87,600,000 shares were held by the Chief Executive Officer (also an Executive Director) and other Directors, details of which are set out below:

1. An option, which was granted on 9 September 2004, entitling the Chief Executive Officer to subscribe, in stages, for 11,000,000 ordinary shares at the exercise price of HK$0.266 per share;
2. An option, which was granted on 4 April 2006, entitling the Chief Executive Officer to subscribe, in stages, for 45,600,000 ordinary shares at the exercise price of HK$0.300 per share; and
3. Options, which were granted on 2 October 2007, entitling the Non-Executive Co-Chairman (James Mellon), the Chief Executive Officer and an Independent Non-Executive Director to subscribe, in stages, for an aggregate of 31,000,000 ordinary shares at the exercise price of HK$1.152 per share.

During the six months ended 30 June 2013 and prior to the date of this report, no new options were granted; no vested options were exercised; and no outstanding options lapsed or were cancelled.

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

No options were granted to or held by any substantial shareholder of the Company (other than: (i) James Mellon who is also the Non-Executive Co-Chairman of the Company and (ii) Jamie Gibson who is also an Executive Director and the Chief Executive Officer of the Company), as referred to in the section headed "Substantial Shareholders" in this report, or their respective associates, at any time during the period or prior to the date of this report.

ii. Full-time employees

As at 1 January 2013, outstanding and vested options in respect of an aggregate of 48,766,132 shares were held by the full-time employees of the Group (excluding the Directors of the Company), details of which are set out below:

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

2. Options, which were granted on 4 April 2006, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 22,024,000 ordinary shares at the exercise price of HK$0.300 per share;

3. Options, which were granted on 14 December 2006, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 4,104,000 ordinary shares at the exercise price of HK$0.325 per share; and

4. Options, which were granted on 2 October 2007, entitling the full-time employees of the Group to subscribe, in stages, for an aggregate of 22,538,132 ordinary shares at the exercise price of HK$1.152 per share.

During the six months ended 30 June 2013, no new options were granted; no vested options were exercised; and no outstanding options were cancelled. Outstanding options in respect of an aggregate of 28,000,000 shares lapsed on 30 June 2013 upon termination of the employment of four employees (being: (i) three outstanding options granted on 4 April 2006 in respect of an aggregate of 17,500,000 shares at the exercise price of HK$0.300 per share; and (ii) two outstanding options granted on 2 October 2007 in respect of an aggregate of 10,500,000 shares at the exercise price of HK$1.152 per share).

Accordingly, as at 30 June 2013, there were outstanding options entitling the full-time employees of the Group (excluding the Directors of the Company) to subscribe, in stages, for an aggregate of 20,766,132 shares at exercise prices ranging from HK$0.266 to HK$1.152 per share.

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

iii. *Participants in excess of individual limit*

No participants were granted with options in respect of an aggregate number of shares in the Company which was in excess of the individual limit referred to in the HK Listing Rules at any time during the six months ended 30 June 2013 or prior to the date of this report.

iv. *Suppliers of goods and services*

As at 1 January 2013, outstanding and vested options in respect of an aggregate of 14,000,000 shares were held by the service providers, details of which are set out below:

1. An option, which was granted on 15 May 2007, entitling a consultant (a former Non-Executive Director who resigned on 12 February 2008 and was appointed as a consultant) to subscribe, in stages, for 12,000,000 ordinary shares at the exercise price of HK$0.780 per share; and

2. An option, which was granted on 2 October 2007, entitling a consultant (a former Independent Non-Executive Director who resigned on 12 February 2008 and was appointed as a consultant) to subscribe, in stages, for 2,000,000 ordinary shares at the exercise price of HK$1.152 per share.

During the six months ended 30 June 2013 and prior to the date of this report, no new options were granted; no vested options were exercised; and no outstanding options lapsed or were cancelled.

v. *Other participants*

No options were granted to or held by participants other than those referred to in sub-paragraphs (i) to (iv) above at any time during the six months ended 30 June 2013 or prior to the date of this report.

All share-based employee compensation will be settled in equity. The Group has no legal or constructive obligation to repurchase or settle the option in cash.

Share options and the weighted average exercise price are as follows for the reporting periods presented:

	30 June 2013		30 June 2012	
	Number	Weighted average exercise price (HK$)	Number	Weighted average exercise price (HK$)
Outstanding at 1 January	150,366,132	0.651	153,866,132	0.655
Forfeited	(28,000,000)	0.620	(3,500,000)	1.152
Outstanding at 30 June	122,366,132	0.658	150,366,132	0.651

No share options were exercised during the six months ended 30 June 2013 and 2012. All remaining share options as at 30 June 2013 have been accounted for under HKFRS 2. The number of options exercisable as at the reporting dates are as follows:

	30 June 2013		30 June 2012	
Exercisable beginning in financial year	Number	Weighted average exercise price (HK$)	Number	Weighted average exercise price (HK$)
– 31 December 2011	122,366,132	0.658	150,366,132	0.651
Outstanding at 30 June	122,366,132	0.658	150,366,132	0.651

The weighted average remaining contractual life of the outstanding options as of 30 June 2013 is 3.30 years (30 June 2012: 4.31 years).

In total, no share-based payment of share options has been included in the consolidated statement of comprehensive income for the six months ended 30 June 2013 and 2012. No liabilities were recognised due to share-based payment transactions.

2. Long Term Incentive Plan 2007

The Company adopted a new long term incentive plan, named "Long Term Incentive Plan 2007" (the "**Long Term Incentive Plan 2007**"), with shareholders' approval at the Company's extraordinary general meeting held on 8 December 2007. The plan was terminated on 31 May 2013 pursuant to the rules of the plan with all outstanding units under the plan duly vested to the respective unitholders before the termination.

The establishment and operation of the Long Term Incentive Plan 2007 are not subject to Chapter 17 of the HK Listing Rules. Upon adoption of the Long Term Incentive Plan 2007 on 8 December 2007, no further options under the Share Option Scheme (2002) (as referred to in note 11.1) were granted.

Pursuant to the rules of the plan, the Board shall nominate eligible participants (being employees (including executive directors) and non-executive directors of or advisers or consultants to the Company or any of its subsidiaries or any other company which is associated with the Company and is designated by the Board as a member of the Group). The Board may grant to an eligible participant a unit, being a conditional award of shares subject to such conditions (if any) as the remuneration committee of the Company (the "**Remuneration Committee**") may direct on their vesting. A grantee is not required to pay for the grant of any unit.

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

The Company sought shareholders' approval at the annual general meeting held on 1 June 2011 for "refreshing" the mandate limits under the plan. Accordingly, the total number of shares which may be transferred on vesting of all units to be granted under the plan after 1 June 2011 is limited to 387,247,052 shares and the total number of shares subject to a unit or units to be granted to an individual eligible participant after 1 June 2011 is limited to 193,623,526 shares, being 10% and 5% of the Company's total issued ordinary share capital as at the date of approval of the "refreshed" limits respectively. Units previously granted under the plan (including those outstanding, cancelled or lapsed in accordance with the plan or vested units) will not be counted for the purpose of calculating the limits as "refreshed".

i. Grant and vesting of units

As at 1 January 2013, under the Long Term Incentive Plan 2007 there were outstanding units in respect of an aggregate of 67,900,000 ordinary shares (1 January 2012: 236,700,000 shares), which were granted on 20 November 2012 to James Mellon and Jamie Gibson and were 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) would be vested in full on the happening of the "trigger event" (as referred to in the offer letters dated 20 November 2012), representing 1.95% (1 January 2012: 6.79%) of the Company's then issued ordinary share capital.

During the six months ended 30 June 2013:

- An aggregate of 67,900,000 shares were vested, being: (i) 10,000,000 shares and 12,633,333 shares (in respect of the units granted on 20 November 2012) vested to James Mellon and Jamie Gibson respectively on 3 April 2013; and (ii) 20,000,000 shares and 25,266,667 shares (in respect of the units granted on 20 November 2012 then remaining outstanding) vested to James Mellon and Jamie Gibson respectively on 30 May 2013 in accordance with the rules of the plan and as approved by the Remuneration Committee (2012: 5,566,665 shares);
- No new units were granted (2012: units in respect of an aggregate 166,000,000 shares);
- No outstanding units lapsed (2012: units in respect of an aggregate of 17,000,001 shares upon termination of the employment of three employees); and
- No outstanding units were cancelled (2012: nil).

On 31 May 2013, the Long Term Incentive Plan 2007 was terminated pursuant to its rules with all outstanding units under the plan duly vested to the respective unitholders before the termination.

Accordingly, as at 30 June 2013, there were no outstanding units under the Long Term Incentive Plan 2007 (30 June 2012: 380,133,334 shares, which were to be vested to the respective eligible participants in accordance with their respective vesting schedules, representing 10.91% of the Company's then issued ordinary share capital).

ii. Acquisition of shares

As at 1 January 2013, an aggregate of 67,900,000 shares were held by the trustee appointed by the Company for the plan (1 January 2012: 236,700,000 shares), which were acquired by the trustee from the market during previous periods and were to be vested to James Mellon and Jamie Gibson in accordance with their vesting schedules.

During the six months ended 30 June 2013:

- An aggregate of 67,900,000 shares were vested, being: (i) 10,000,000 shares and 12,633,333 shares (in respect of the units granted on 20 November 2012) vested to James Mellon and Jamie Gibson respectively on 3 April 2013; and (ii) 20,000,000 shares and 25,266,667 shares (in respect of the units granted on 20 November 2012 then remaining outstanding) vested to James Mellon and Jamie Gibson respectively on 30 May 2013 in accordance with the rules of the plan and as approved by the Remuneration Committee (2012: 5,566,665 shares); and
- No shares were acquired from the market (2012: 148,999,999 shares).

Upon the termination of the plan, the related trust was closed and the relevant trust deed was terminated on 31 May 2013.

Accordingly, as at 30 June 2013, no shares were held by the trustee (30 June 2012: 380,133,334 shares, which were to be vested to the respective eligible participants in accordance with their respective vesting schedules).

12. Derivative financial instruments

	(Unaudited) 30 June 2013		(Audited) 31 December 2012	
Total derivatives	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Foreign exchange traded futures and options	223	—	304	—
Equity, government notes and stock index futures and options	1,261	—	1,267	—
Total derivatives	1,484	—	1,571	—

At 30 June 2013, there were outstanding forward, futures, options and contract-for-difference contracts, of which the contract size amounting to approximately US$17,744,000 (31 December 2012: US$33,045,000), undertaken by the Group in the foreign exchange and equity markets.

In the course of the Group's normal trading in derivatives, margin deposits of varying amounts of cash are held by the Group's brokers. As at 30 June 2013, the amount of these margin deposits was US$3,873,000 (31 December 2012: US$591,000) and are included in prepayments, deposits and other receivables in the consolidated statement of financial position on page 6.

13. Disposal of subsidiaries

On 17 January 2012, the Group disposed of its entire equity interest in its subsidiaries, Regent Coal (BVI) Limited ("**RC(BVI)**") and Abagaqi Changjiang Mining Company Limited ("**ACMC**"), which mainly held the JRGL Coal Project in Inner Mongolia, PRC. This transaction and gain on disposal was recorded in the Group's results for the period ended 30 June 2012.

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

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

14. Operating lease commitments

	(Unaudited) As at 30 June 2013 US$'000	(Audited) As at 31 December 2012 US$'000
At 30 June 2013 and 31 December 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:		
Property:		
– within 1 year	838	842
– in the 2nd to 5th year, inclusive	68	479
	906	1,321
Equipment:		
– within 1 year	5	5
– in the 2nd to 5th year, inclusive	10	13
	15	18
	921	1,339

15. Capital commitments

The Group has no capital commitment as at 30 June 2013.

16. Contingent liabilities

The Group has no material contingent liabilities as at 30 June 2013.

17. Material related party transactions

The Group has no material related party transactions for the six months ended 30 June 2013 and 2012.

18. Charge on assets

As announced by the Group on 28 January 2013 and 18 April 2013 and as set out in note 8 and in the paragraph headed "Australian Tax" under the "Review and Prospects" below, 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, the Company agreed to grant The Commonwealth of Australia, represented by the Commissioner of Taxation, a Specific Security Deed in respect of certain of the Company's holding of 336,420,435 shares in Venturex, of which the market value was A$3.70 million (or approximately US$3.38 million) as at 30 June 2013, 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.

19. Events after reporting date

There is no material events happened after the reporting date.

Review and Prospects

Main Activities

The Group's principal activities during the period were:

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

- Continuing to execute our stated strategy of divesting non-core assets and investments, culminating in the disposal of the Group's remaining position in BCI, providing the Group with total gross proceeds (before expenses and taxes) of approximately US$84.73 million and a net realised loss of approximately US$3.99 million for the period ended 30 June 2013. However, taken as a whole, the disposal was successful because it provided the Group with an overall investment return of approximately US$48.18 million comprising sales proceeds (before expenses and taxes) of approximately US$85.06 million, a special dividend of approximately US$3.74 million, net of investment costs of approximately US$40.62 million, representing a "cash-on-cash" return of 2.19 times the Group's original cash investment, which was an outstanding result on an overall return

- Further investments in Trinity and Condor, bringing the Group's interests to 3.67% and 10.50% respectively as at 30 June 2013

- Increasing the Group's strategic position in Venturex by participating in an entitlements issue, following which the Group's position represented approximately 33.47% of the company's enlarged share capital

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

Financial Results

The Group reported a loss attributable to the shareholders of the Company for the six months ended 30 June 2013 of US$26.90 million (2012: US$32.87 million).

The main causes for the fair value loss of US$27.10 million for the period ended 30 June 2013 were (i) the marked-to-market loss of US$24 million on listed securities and the realised loss of US$3.99 million generated from the sale of the Group's remaining position in BCI, which were offset against (ii) the realised and unrealised gain of US$0.88 million on trading of derivatives.

The continued turbulence in the mining sector was driven by two predominant macro factors in the quarter: (i) a continued slowing of Chinese growth; and (ii) concerns over the US FED tapering Quantitative Easing 3 ("**QE3**"). While strong gains were posted in almost every other sector, sentiment towards resources sits at levels not seen since the late-1990s.

The sell-off in the resources sector gathered steam in the first six months of the year with the HK Exchange Metals and Mining Index dropping a massive 33.3% year to date. This was not the only mining index experiencing severe drops as the S&P/TSX Metals & Mining Index fell an astounding 35.4% year to date. In the commodities markets, precious metals were the hardest hit (with gold down 22.8% and silver down 30.9%) while the main industrial commodities were down on average 10% year to date (with copper down 9.4%).

Global growth slowed in the first half of the year, with several key emerging markets disappointing while the Euro area remained in recession and the US exhibited sluggish growth. We are in the midst of a transition from global growth being dominated by emerging markets to a more balanced economic landscape. China still remains the most dominant force driving commodities, accounting for around 40% of demand for the key industrial metals and bearishness towards Chinese growth has heavily weighed on sentiment towards mining related equities.

The most significant factor affecting commodities in the first six months was the dramatic shift of the US FED, signalling the reduction and potentially the end of QE3. This created a spike in bond yields along with a stronger US dollar, which inversely impacted prices of precious and base metals. There remains a lack of clarity on timing, with some forecasts suggesting tapering could commence as early as September. The time of tapering will likely remain an overhang on the market and precious metals price action will be driven by each specific US economic data point.

Economic indicators have, however, improved over the last few months. In the United States, the housing market is recovering, which is supporting a broad based economic recovery. China is still a major driver for commodities demand and the market has focused on the possibility for slower, more sustainable growth and the implications for pricing across a range of commodities.

While we expect commodity markets to remain volatile, the recent bearish 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 urbanisation of emerging economies and recovery of developed economies.

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, West China Coke and Regent Markets Holdings Limited ("**Regent Markets**"), contributed a share of profit of US$0.30 million and US$1.34 million respectively to the Group for the six months ended 30 June 2013.

We are in a strong financial position with no debt, having cash, listed and unlisted securities of US$40.13 million as at 30 June 2013. In addition, the Group is pleased to report that since 30 June 2013, commodity prices have rallied, bouncing off their 1H lows. Much of the risk reversal relates to more upbeat data from China, with an uptick in base metals and bulk commodity imports helping to support both industrial complexes. The entire precious metals complex also rebounded following massive ETF net redemptions during 1H, particularly 2Q, with most of the new support coming from physical buying in China and elsewhere in Asia. Consequently, the recovery in the prices of commodities has had a positive impact on the Company's listed investment portfolio where the overall value has increased to US$33.31 million as at 28 August 2013 from US$24.85 million as at 30 June 2013.

Shareholders' equity decreased by 59.92% to US$56.61 million as at 30 June 2013 from US$141.23 million as at 31 December 2012, with the decrease being mainly attributable to the special dividend amounting to US$58.44 million and the loss of US$26.90 million.

Review of Results and Operations

Divestments

During the period, the Group has continued to execute its stated strategy of divesting non-core assets and investments.

In January 2013, the Group successfully completed the disposal of the Group's remaining position in BCI, providing the Group with total gross proceeds (before expenses and taxes) of approximately US$84.73 million and a net realised loss of approximately US$3.99 million for the period ended 30 June 2013. However, taken as a whole, the disposal was successful because it provided the Group with an overall investment return of approximately US$48.18 million comprising sales proceeds (before expenses and taxes) of approximately US$85.06 million, a special dividend of approximately US$3.74 million, net of investment costs of approximately US$40.62 million, representing a "cash-on-cash" return of 2.19 times the Group's original cash investment, which was an outstanding result on an overall return.

West China Coke

During the six months ended 30 June 2013, West China Coke's operations produced a total of 454,208 tonnes of coke, 20,814 tonnes of refined methanol, 16,092 tonnes of tar, 4,026 tonnes of ammonium sulphate and 4,560 tonnes of crude benzol. This produced revenue of RMB 765.31 million or US$123.63 million (2012: RMB 909.94 million or US$144.01 million) and a net profit of RMB 6.06 million or US$0.98 million (2012: a net loss of RMB 17.83 million or US$2.83 million). The average coke price and methanol price received in the six months ended 30 June 2013 was RMB 1,437 per tonne (approximately US$185.42 per tonne) and RMB 2,279 per tonne (approximately US$294.06 per tonne), respectively.

Regent Markets

Regent Markets reported record turnover for the six months ended 30 June 2013 of US$227.22 million, a 166% increase over the corresponding period in 2012. Net profit for the six months ended 30 June 2013 was US$3 million (2012: US$2.28 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.

Venturex

The Group increased its strategic position in Venturex from 31.87% to 33.47% during the period via participation in an entitlements issue which was completed in June.

During the period, Venturex announced their intention to further optimise the feasibility study on its Pilbara Copper-Zinc Project ("**Project**"). 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:

- Completed the acquisition of fourteen additional tenements, which are in close proximity to the Project's proposed 1 Mtpa ore processing facility. One of these tenements hosts the Kangaroo Caves prospect which hosts a JORC compliant mineral resource estimate of 6.3Mt at 0.5% copper and 3.3% zinc and is within six kilometres of the planned ore processing facility making it a likely source of ore that will extend the life of the Project

- Completed a 4,593 metre reverse circulation ("**RC**") drilling program on the Kangaroo Caves prospect which yielded encouraging results which identified the potential for shallow, high grade mineralisation extensions along strike. Highlights of the drilling program included intercepts of:

  – 10 metres at 0.30% copper, 6.99% zinc, 0.21% lead, 31.5 g/t silver and 0.12 g/t gold

  – 12.5 metres at 0.60% copper, 6.37% zinc, 0.48% lead, 19.3 g/t silver and 0.08 g/t gold

- Completed an 800 metre RC drilling program on selected targets on the Liberty Indee prospect with results expected imminently

- A reduction in corporate costs in light of the completion of the feasibility study and tight capital markets

- Continued advancement in the Project permitting

- In June 2013, completed a capital raising of A$3.4 million to optimise the feasibility study and fund exploration activities in the Pilbara and Brazil

- Through the period, continued with exploration activities on the Brazilian tenements which are prospective for gold.

Subsequent to the end of the reporting period, Venturex announced that it had participated in the Western Australian State Government's new Mining Rehabilitation Fund which allows the retirement of environmental bonds covering the tenements at Whim Creek in the Pilbara region. This resulted in the release of an A$1.69 million bank held security deposit and has increased Venturex's net cash reserves to approximately A$4.3 million. Venturex has advised that the funds will be used to further advance the exploration program at the Sulphur Springs and Whim Creek project areas. The Company views this as a positive development for Venturex given the ambient tightness in capital markets.

Condor

The Group increased its position in Condor during the period to 10.50% through a series of on-market acquisitions and a share placement which was completed in February 2013.

Condor's concession holdings in Nicaragua currently contain an attributable CIM/JORC compliant resource base of 2.4 million ounces of gold equivalent at 4.6 g/t with a 977k ounce high grade (3.7 g/t) open-pittable resource and an underground resource of 1.4 million ounces at 5.5 g/t. In February, Condor announced the results of a preliminary economic assessment ("**PEA**") 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:

- The acquisition of an additional tenement, which is contiguous to the La India tenement package and offers the potential for 13 kilometres of strike extension from existing known resources
- Completion of the PEA
- The successful placement of 4.375 million shares, raising a total of GBP 7 million

- Completed a 1,700 metre geotechnical drilling program aimed at confirming and optimising open pit slope angles adopted in the PEA. The steepening of slope angles has the potential to significantly reduce operating costs
- Initial results from a suite of metallurgy testwork indicating the potential for material upside in recoveries compared with the assumptions made in the PEA. Initial testwork indicated recoveries of between 93% and 96% achieved from a combination of gravity concentration and cyanidation of gravity tails. The PEA assumed a recovery of 93%. The metallurgical test work is expected to be completed by the end of 2013
- Completion of an airborne geophysical survey on the 280 square kilometre tenement package in order to identify and prioritise regional exploration targets. The results of this survey are due imminently
- The completion of over 15,800 metres of RC and diamond drilling aimed at improving the confidence level in the existing known resource whilst also identifying and proving additional resources. During the course of the program some excellent results were returned, which encouraged Condor to extend the program with an additional 5,500 metres drilling programme on the known open pit resource. This program extension is aimed at proving over 1 million ounces of open-pittable gold in the indicated category prior to completion of the pre-feasibility study.

Trinity

During the period, Trinity Exploration & Production Limited completed the acquisition of Bayfield Energy Holdings plc ("**Bayfield**") through a reverse takeover that resulted in it becoming a public listed entity on the Alternative Investment Market ("**AIM**") and renamed as Trinity Exploration & Production plc (TRIN- AIM). With the completion of this transaction in February 2013, Trinity accomplished a number of positive corporate initiatives such as substantially growing the company's production base, as well as adding strategically important assets in the form of proven and probable reserves that are entirely resident in Trinidad. The properties acquired through this transaction are in close geographic proximity to Trinity's previously existing assets and will allow management to pursue an aggressive capital spending program that should lead to impressive production gains through 2013, 2014 and beyond. It is worth noting that the senior management of Trinity has assumed all of the key executive roles in the merged entity as well as the majority of board positions. This will enable Trinity management to dictate all aspects of the strategic direction of the company.

In parallel with the acquisition of Bayfield, Trinity was successful in raising new equity capital in the amount of GBP 60 million (or approximately US$90 million) which, when added to expected cash flow from operations, should be sufficient to fund the company's planned on-shore and off-shore drilling program for the next 18-24 months. This drilling program is expected to increase production from the current level of approximately 3,900 bopd to 5,000 bopd by year-end 2013 and to at least 7,000 bopd by year-end 2014. If such production levels are achieved, the company should add considerable net asset value and proven reserves.

Trinity is now the dominant independent oil producer in Trinidad and has numerous on-shore and off-shore projects underway. The company has a work program that is well balanced between low risk "in-fill" drilling and well work-overs, offset by higher risk exploration targets that, if successful, could provide production upside that is well beyond management's stated guidance.

The Group's position in Trinity is now 3.7% following participation in the above referenced share placement which was completed in February 2013.

Australian Tax

As announced by the Group on 28 January 2013, 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.

As further announced on 18 April 2013, following consultation with the Commissioner of Taxation and pursuant to the terms of the Settlement Deed, the Company agreed to grant The Commonwealth of Australia, represented by the Commissioner of Taxation, a Specific Security Deed in respect of certain of the Company's holding of shares in Venturex 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 that announcement). Given the nature of the security offered under the Specific Security Deed (being listed securities), the level of security may be adjusted should marked-to-market fluctuations necessitate such adjustment.

Having executed the Settlement Deed and Specific Security Deed (the terms of which were detailed in the Group's announcement dated 18 April 2013), the Group has been taking external professional advice in respect of the merits of the Assessment.

As further announced on 23 August 2013, 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, the Company has strong and compelling grounds to challenge the Assessment in its entirety.

As a consequence of the advice received, the Group has written back the provision of capital gains tax on the sale of its investment in BCI of US$11,681,000 (or approximately HK$90,603,677) for the six months ended 30 June 2013.

During the six months ended 30 June 2013, the Group recognised an exchange gain of US$1,592,000 (or approximately HK$12,348,348) in relation to the provision for capital gains tax on the sale of its investment in BCI, as a consequence of the A$ having depreciated by approximately 12% against US$ for the same period.

As such, the Group 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.

Interim Dividend

In light of the HK$0.13 special dividend declared on 28 January 2013 and paid on 15 March 2013, the Directors have resolved not to declare an interim dividend in respect of the six months ended 30 June 2013.

OUTLOOK

The first six months to the current financial year has seen continued volatility and uncertainty across the global financial, equity, foreign exchange and commodity markets. Unfortunately, we expect such volatility and uncertainty to continue with the risk that the value of the Group's investments could be further eroded.

Macro economic imbalances stemming from continued sovereign debt issues in Europe, together with retreating economic growth data out of China, is continuing to put further pressure on banks and exacerbates concerns of slowing global economic growth and the demand for commodities for the second half of this financial year. Further evidence of a slowing or stabilising Chinese economy, together with any signs of tapering of the economic stimulus in the United States as well as further shocks from Europe, and the policy responses to them, are likely to be the biggest determinant of the outlook for the remainder of the year.

In respect of Europe, we expect only gradual stabilisation late in 2013. In the emerging world outside of Europe, China in particular, we would expect growth to remain robust, although more subdued than the world has become accustomed to, with perhaps moderate softening in the near term, to be underwritten by targeted, albeit conservative measures to support balanced growth going forward.

In the medium to 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. Metal prices have come down, but they remain well above historic levels and support is evident across most of the key commodities (with the exception of nickel and aluminum, where we remain skeptical). As such, we believe the "survivors" from this downturn will provide excellent investment opportunities once the cleansing has run its course.

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

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

Disclosure Requirements for Mineral Companies under Chapter 18 of the HK Listing Rules

In light of the wholesale and progressive changes made to Chapter 18 of the HK Listing Rules (which came into effect on 3 June 2010), the Company formed a Chapter 18 Compliance Committee, made up of representatives of the technical, legal, accounting and commercial arms of the Company. David Comba and Jamie Gibson, being Directors of Company, are representatives on the Compliance Committee and attended the committee meeting approving the report highlighted below.

This Committee is responsible for reviewing and monitoring the compliance by the Company with the requirements laid down in the revised Chapter 18 of the HK Listing Rules (together with associated provisions of the HK Listing Rules), principally in respect of future transactional work and ongoing reporting compliance.

As part of the amendments to Chapter 18 of the HK Listing Rules, Rule 18.14 now requires "Mineral Companies" (as defined in Chapter 18) to include in its interim (half-yearly) and annual reports details of its exploration, development and mining production activities and a summary of the expenditure incurred on these activities during the period under review. If there has been no exploration, development or production activity, that fact must be stated. While the Company is not currently classified as a "Mineral Company" under Chapter 18, as it has not yet completed a Relevant Notifiable Transaction involving the acquisition of "Mineral Assets" (as defined in Chapter 18), the Company does consider disclosure of these Rule 18.14 items to be appropriate and relevant to shareholders.

In accordance with the above mentioned continuing disclosure obligations of Mineral Companies, in respect of Rule 18.14, there were no relevant exploration, development, expenditure or production activities for the period ended 30 June 2013.

In discharge of its mandate to review and monitor the compliance by the Company with the requirements laid down in Chapter 18 of the HK Listing Rules, the Chapter 18 Compliance Committee reviewed and approved the above disclosures.

Trading Record over Last Five Years

	Six months ended 30 June	Year ended 31 December				
	2013	2012	2011	2010	2009	2008
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Total income						
– Continuing operations	3,123	(885)	(24,615)	61,158	20,553	6,142
– Discontinued operations	—	—	—	—	—	—
	3,123	(885)	(24,615)	61,158	20,553	6,142
Income less expenses before impairment losses and provision	(34,210)	(20,895)	(45,212)	34,134	5,212	(13,912)
Reversal of impairment	—	—	—	912	—	—
Impairment losses	—	(16,024)	(4,863)	(28)	—	(154,696)
Write down	—	—	(4,345)	—	(6,384)	—
Finance costs – interest on redeemable convertible preference shares and hire purchase	—	—	—	(2)	(170)	(854)
Operating (loss)/profit	(34,210)	(36,919)	(54,420)	35,016	(1,342)	(169,462)
Gain on disposal of the JRGL Coal Project	—	4,409	—	—	—	—
Gain on disposal of a jointly controlled entity and the Zhun Dong Coal Project	—	—	—	19,834	—	—
Gain on disposal of the Yinzishan Mining Project	—	—	2,401	—	—	—
Share of results of associates	1,639	(1,430)	1,705	2,915	3,447	403
Share of results of a jointly controlled entity	—	—	—	3,007	9,092	7,701
(Loss)/Profit before taxation	(32,571)	(33,940)	(50,314)	60,772	11,197	(161,358)
Tax credit/(charge)	5,605	(11,084)	—	(1,000)	—	(324)
(Loss)/Profit for the period/year	(26,966)	(45,024)	(50,314)	59,772	11,197	(161,682)
Non-controlling interests	63	170	1,787	20	(145)	739
(Loss)/Profit attributable to shareholders of the Company	(26,903)	(44,854)	(48,527)	59,792	11,052	(160,943)

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

Revenue and Profit

The Company recorded a net loss after tax and non-controlling interests of US$26.90 million for the six months ended 30 June 2013 (2012: US$32.87 million).

The corporate division recorded a loss of US$23.97 million for the six months ended 30 June 2013 (2012: US$30.23 million).

The Group's associates, Regent Markets and West China Coke, contributed a share of profit of US$1.34 million and US$0.30 million respectively to the Group for the six months ended 30 June 2013.

The main elements of the loss are analysed as follows:

	US$ (million)
Share of profit from Regent Markets	1.34
Share of profit from West China Coke	0.30
Corporate investment	(33.18)
Metals mining	(1.02)
Reversal of the deferred tax assets	(6.08)
Write back of the provision of CGT	11.68
Others	0.06
Total loss attributable to shareholders of the Company	(26.90)

Financial Position

Shareholders' equity decreased by 59.92% to US$56.61 million as at 30 June 2013 from US$141.23 million as at 31 December 2012. The decrease was mainly due to: (i) the loss of US$26.90 million for the six months ended 30 June 2013, which included a bonus payment of US$5 million, (ii) the payment of a special dividend, which reduced the share premium by US$58.44 million, (iii) the decrease in market value of an available-for-sale financial asset, which reduced the investment revaluation reserve by US$0.54 million, and these were offset against: (iv) the increase of the exchange reserve by US$0.29 million mainly due to foreign currency translation, and (v) the share-based payment reserve increase of US$0.97 million due to the share-based payment on the Group's long term incentive share award scheme.

The investments in Regent Markets of US$5.09 million and West China Coke of US$8.60 million accounted for 8.99% and 15.19% of the shareholders' equity respectively. The Group's assets also comprised: (i) cash of US$13.44 million; (ii) listed and unlisted investments of US$26.69 million; (iii) derivatives financial instruments of US$1.48 million; and (iv) other assets and receivables of US$4.69 million.

The Group's liabilities comprised payables and accruals of US$3.38 million.

Strategic Plan

The Board and the Company's senior management play an active role in the Group's strategy development and planning process. The Chief Executive Officer arranged offsite meetings with senior management in December 2012, during which management presented to the Chief Executive Officer proposed initiatives based on the Group's strategy for the 2013 financial year and beyond, and the status of strategy implementation together with the key initiatives undertaken. The Chief Executive Officer regularly interacts with the Board in respect of the strategic plan and direction of the Group, during which meetings the Chief Executive Officer seeks and is provided input in respect of the proposed priorities and initiatives previously discussed and agreed with senior management, aiming at developing an agreed approach for the Group to generate and preserve its long-term value, while agreeing shorter term priorities and objectives. In addition, the risks associated with the current operations and strategy of the Group are currently being tested by way of an internal audit process conducted through an independent service provider, with the aim of identifying ways in which the Group can better identify and manage its risks.

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

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

- utilise the Company's Hong Kong listing through strong liquidity, demand for resource equities and access to international capital markets, together with maintaining our corporate governance and social responsibility standards in line with the policies set down by the HK Stock Exchange and best practice; and
- creating shareholder value and returns through accretive acquisitions and returning surplus capital to shareholders by way of an effective dividend policy and share repurchase programme.

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

Funding

As at 30 June 2013, the Group held cash of US$13.44 million and margin deposits of US$3.87 million with the Group's brokers for trading of derivatives, representing 23.74% and 6.84%, respectively, of shareholders' equity. The cash and margin deposit amounts do not take into account the Group's holding of listed securities of US$24.85 million that are valued at 30 June 2013.

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

Gearing Ratio

No gearing ratio (being long term debts over total equity and long term debts) is calculated as there was no long term debt as at 30 June 2013 and 31 December 2012.

Management of Risk

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

Charge on Assets

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, the Company agreed to grant The Commonwealth of Australia, represented by the Commissioner of Taxation, a Specific Security Deed in respect of certain of the Company's holding of 336,420,435 shares in Venturex, of which the market value is A$3.70 million (or approximately US$3.38 million) as at 30 June 2013, 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.

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

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 2013.

Changes Since 30 June 2013

There were no 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 2013.

However, the Group is pleased to report that since 30 June 2013, commodity prices have rallied, bouncing off their 1H lows. Much of the risk reversal relates to more upbeat data from China, with an uptick in base metals and bulk commodity imports helping to support both industrial complexes. The entire precious metals complex also rebounded following massive ETF net redemptions during 1H, particularly 2Q, with most of the new support coming from physical buying in China and elsewhere in Asia. Consequently, the recovery in the prices of commodities has had a positive impact on the Company's listed investment portfolio where the overall value has increased to US$33.31 million as at 28 August 2013 from US$24.85 million as at 30 June 2013.

Employees

The Group, including subsidiaries but excluding associates, employed approximately 19 employees at 30 June 2013. 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

In light of the HK$0.13 special dividend declared on 28 January 2013 and paid on 15 March 2013, the Directors have resolved not to declare an interim dividend in respect of the six months ended 30 June 2013.

Updates on Directors' Biographies

The Directors' biographies have been updated by the following since the Company's last annual report published for the year ended 31 December 2012:

1. James Mellon resigned as a non-executive director of Polo Resources Limited ("**Polo Resources**", which is dually listed on the Alternative Investment Market of the London Stock Exchange ("**AIM**") and the Bermuda Stock Exchange) on 14 May 2013.

2. James Mellon resigned as a non-executive director of Venturex (a company listed on the Australian Securities Exchange), and accordingly Jamie Gibson resigned as the alternate director of James Mellon on the board of Venturex, both with effect on 10 June 2013.

3. Stephen Dattels resigned as a non-executive director of GCM Resources Limited (which is listed on AIM) on 26 June 2013 and was re-designated as a non-executive co-chairman of the board of Polo Resources on 2 July 2013 (formerly the joint executive chairman of its board).

4. Stephen Dattels resigned as the chief executive and an executive co-chairman of the board of West African Minerals Corporation ("**WAFM**", a company listed on AIM) on 17 July 2013, while James Mellon remains as the non-executive chairman of the board of WAFM.

Directors' Interests in Securities, Options and Share Awards

As at 30 June 2013, the Directors of the Company had the following beneficial interests in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company or of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (the "**SFO**")), which were recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which were otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests which the Directors were deemed or taken to have under such provisions of the SFO) or pursuant to The Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") as set out in Appendix 10 to the HK Listing Rules:

1. Securities of the Company

A. Ordinary shares of US$0.01 each

Name of Director	Note	Capacity in which the shares are held	Long/Short position	Number of shares*	Approximate % holding**
James Mellon		Beneficial owner	Long position	154,986,181	4.45%
	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	142,319,138	4.08%
David Comba		—	—	—	—
Julie Oates	C	Interests held jointly with another person	Long position	2,500,000	0.07%
Mark Searle		Beneficial owner	Long position	4,000,000	0.12%
	D	Beneficiary of a trust	Long position	1,000,000	0.03%
Jayne Sutcliffe		Beneficial owner	Long position	17,160,465	0.49%
	E	Beneficiary of a trust	Long position	27,965,226	0.80%

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

** The total issued ordinary share capital of the Company as at 30 June 2013 consisted of 3,485,730,523 shares. There were no changes in the Company's issued share capital subsequent to the period end date and prior to the date of this report.

B. Options under Share Option Scheme (2002)

Please refer to note 11.1 to the Financial Statements as to the details of the Share Option Scheme (2002), which expired on 15 November 2012, with the provisions of the rules of the scheme remaining in full force and effect to the extent necessary to give effect to the exercise of any options granted and remaining outstanding prior to the date of the expiry.

As at 30 June 2013, the following Directors of the Company had personal interests in options granted under the Share Option Scheme (2002), entitling them to subscribe for ordinary shares of US$0.01 each in the capital of the Company in accordance with, and subject to, the terms of the scheme:

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

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

During the six months ended 30 June 2013 and prior to the date of this report, no new options were granted to the Directors of the Company under the Share Option Scheme (2002), and none of the outstanding options were exercised or cancelled or lapsed.

Save for the above, during the six months ended 30 June 2013 and prior to the date of this report, no Directors of the Company exercised any of their rights under the respective options granted to them pursuant to the Share Option Scheme (2002) and subscribed for shares in the Company; and no options were granted or cancelled or lapsed.

c. Share awards under Long Term Incentive Plan 2007

Please refer to note 11.2 to the Financial Statements as to the details of the Long Term Incentive Plan 2007, which was terminated on 31 May 2013 pursuant to the rules of the plan with all outstanding units under the plan duly vested to the respective unitholders before the termination.

As at 30 June 2013, none of the Directors of the Company had personal interests in share awards granted under the Long Term Incentive Plan 2007.

During the six months ended 30 June 2013:

(i) On 3 April 2013, 10,000,000 shares and 12,633,333 shares (in respect of the outstanding units granted on 20 November 2012) were vested to James Mellon and Jamie Gibson respectively.

(ii) On 30 May 2013, in accordance with the rules of the Long Term Incentive Plan 2007 and as approved by the Remuneration Committee, 20,000,000 shares and 25,266,667 shares (in respect of the units granted on 20 November 2012 then remaining outstanding) were vested to James Mellon and Jamie Gibson respectively, which were otherwise to be vested in two equal tranches on 3 April 2014 and 3 April 2015, providing that all the shares (then remaining outstanding) would be vested in full on the happening of the "trigger event" (as referred to in the offer letters dated 20 November 2012).

(iii) On 31 May 2013, the Long Term Incentive Plan 2007 was terminated pursuant to its rules with all outstanding units under the plan duly vested to the respective unitholders before the termination.

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

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

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

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

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

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

Save as disclosed herein, as at 30 June 2013 and as at the date of this report, none of the Directors (or their associates) had/has any beneficial interests or short positions in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) or debentures of the Company or of any of its associated corporations (within the meaning of Part XV of the SFO), which would have to be recorded in the Register of Directors' and Chief Executive's Interests and Short Positions required to be kept by the Company under Section 352 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including those interests and short positions which the Directors were/are deemed or taken to have under such provisions of the SFO) or pursuant to the Model Code.

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

Substantial Shareholders

The Directors are not aware of any persons (other than James Mellon, Stephen Dattels and Jamie Gibson, whose interests are set out in detail under the section headed "Directors' Interests in Securities, Options and Share Awards"), who, as at 30 June 2013 or as at the date of this report, had/has beneficial interests or short positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company, which would have to be recorded in the Register of Interests and Short Positions of Substantial Shareholders required to be kept by the Company under Section 336 of the SFO or which would have to be otherwise notified to the Company and the HK Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including those interests which they were/are deemed or taken to have under such provisions of the SFO).

The 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 2013 and prior to the date of this report.

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*).

The Code for Securities Transactions by Directors and Employees

In compliance with Code Provision A.5.4 of The Code on Corporate Governance Practices (the "**Code on CG Practices**"), which was re-stated as Code Provision A.6.4 of the CG Code with effect from 1 April 2012, the Group adopted its code for securities transactions by Directors and employees (the "**Group's Code**"), on exactly the terms and required standard contained in the Model Code, on 31 March 2004.

The Group's Code was last revised on 10 December 2012 (to take effect from 1 January 2013) in order to comply with the amendments made to the Model Code consequential to the introduction of the statutory disclosure regime in respect of inside information under the new Part XIVA of the SFO.

Having made specific enquiries, all Directors of the Company confirmed that they have complied with the Group's Code during the six months ended 30 June 2013 and prior to the date of this report.

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

In compliance with Rules 3.10(1) and 3.10A of the HK Listing Rules, the Board currently comprises three Independent Non-Executive Directors, namely David Comba, Julie Oates and Mark Searle, representing more than one-third of the Board. Each of the Independent Non-Executive Directors has confirmed: (i) that he/she complies with each of the independence criteria referred to in Rule 3.13(1) to (8); (ii) that he/she has no past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any connected person (as such term is defined in the HK Listing Rules) of the Company; and (iii) that there are no other factors that may affect his/her independence at the same time as the submission of his/her Declaration and Undertaking in Form B of Appendix 5 to the HK Listing Rules.

It was noted that Julie Oates and Mark Searle retired by rotation and were re-elected as Directors by separate resolutions at the Company's last annual general meeting held on 19 June 2013 pursuant to Article 87 of the Company's Articles of Association and Code Provision A.4.3 of the CG Code, details of which were set out in the shareholders' circular and announcement issued by the Company on 19 April 2013 and 19 June 2013 respectively.

The Directors consider that all three Independent Non-Executive Directors continue to be independent under the independence criteria referred to in Rule 3.13(1) to (8) and are capable to efficiently exercise independent judgement. Among them, Julie Oates has the appropriate professional qualifications and accounting and related financial management expertise required under Rule 3.10(2). Julie Oates and Mark Searle serve in the audit committee, connected transactions committee, nomination committee and remuneration committee of the Company, while Julie Oates is the Chairlady of the first two committees and Mark Searle is the Chairman of the remuneration committee. And, David Comba is a member of the Chapter 18 technical committee of the Company.

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*).

Remuneration Committee

The Remuneration Committee was established on 5 November 2004, with its specific written terms of reference which deal with its authority and duties first adopted on 18 March 2005 in compliance with the code provisions in B.1 of the former Code on CG Practices. Its terms of reference were recently amended on 13 March 2012 in order to comply with the relevant code provisions in the CG Code which were designated to take effect on 1 April 2012. In compliance with Rule 3.25 of the HK Listing Rules, the committee currently comprises the Non-Executive Co-Chairman of the Board (James Mellon) and two Independent Non-Executive Directors, namely Julie Oates and Mark Searle, and is responsible to review and approve the remuneration packages of the Directors and the employees. The committee is chaired by Mark Searle.

In compliance with Code Provision B.1.3 of the CG Code, the terms of reference of the Remuneration Committee are available on the websites of the Company (*www.regentpac.com*) and the HK Stock Exchange (*www.hkexnews.hk*).

Nomination Committee

The nomination committee of the Company (the "**Nomination Committee**") was established on 13 March 2012, with its specific written terms of reference which deal with its authority and duties, in compliance with the code provisions in A.5 of the CG Code which were designated to take effect on 1 April 2012. In compliance with Code Provision A.5.1 of the CG Code, the committee currently comprises the Non-Executive Co-Chairman of the Board (James Mellon) and two Independent Non-Executive Directors, namely Julie Oates and Mark Searle, and is responsible for the nomination of Directors of the Company and the review of the composition of the Board. The committee is chaired by James Mellon.

In compliance with Code Provision B.5.3 of the CG Code, the terms of reference of the Nomination Committee are available on the websites of the Company (*www.regentpac.com*) and the HK Stock Exchange (*www.hkexnews.hk*).

Corporate Governance Function

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.

Review by the Audit Committee

The interim financial report of the Company for the six months ended 30 June 2013 has been reviewed by the audit committee of the Company (the "**Audit Committee**").

The Audit Committee was established on 11 March 1999 with its specific written terms of reference which deal with its authority and duties. The terms of reference were subsequently amended in order to incorporate the amendments made from time to time to the code provisions in C.3 of the former 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 were 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*).

Connected Transactions Committee

The Company established a connected transactions committee (the "**Connected Transactions Committee**") on 20 October 2008 to review and monitor any conflict of interests that the Group may have with any of its directors, employees or members and, moreover, any actual or potential connected or related party transaction (including connected transactions exempted under the HK Listing Rules) that the Group is proposing to enter into, including any approvals thereof. The committee comprises two Independent Non-Executive Directors, namely Julie Oates (the Chairlady) and Mark Searle, and the Chief Executive Officer (Jamie Gibson).

The terms of reference of the Connected Transactions Committee are available on the Company's website: www.regentpac.com.

Inside Information Committee

In view of the introduction of the statutory disclosure regime in respect of inside information under the new Part XIVA of the SFO and the consequential amendments made to the HK Listing Rules, which took effect on 1 January 2013, the Company established an inside information committee on 28 January 2013 to review and monitor the compliance of the Company with its statutory disclosure obligations under Part XIVA of the SFO, the HK Listing Rules and other applicable laws and regulations in respect of disclosure and transparency relevant to the Company. The committee comprises Jamie Gibson (the Executive Director and the Chief Executive Director), the Company Secretary, the Chief Financial Officer and the General Counsel.

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 2013, 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

1. Under the Repurchase Mandates

A general mandate was granted to the Directors at the Company's annual general meeting held on 30 May 2012 to repurchase, on the HK Stock Exchange, shares up to a maximum of 348,573,052 shares (the "**2012 May Repurchase Mandate**"). Since 30 May 2012, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2012 May Repurchase Mandate.

The 2012 May Repurchase Mandate expired upon close of the Company's annual general meeting held on 19 June 2013, 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 "**2013 Repurchase Mandate**"). Since 19 June 2013 and prior to the date of this report, no shares were repurchased by the Company on the HK Stock Exchange pursuant to the 2013 Repurchase Mandate.

2. For the Long Term Incentive Plan 2007

No shares were acquired by the Company from the market and on the HK Stock Exchange, through its independent trustee, for the Company's Long Term Incentive Plan 2007 during the six months ended 30 June 2013 or prior to the date of this report.

The Long Term Incentive Plan 2007 was terminated on 31 May 2013 pursuant to its rules with all outstanding units under the plan duly vested to the respective unitholders before the termination. Upon the termination of the plan, the related trust was closed and the relevant trust deed was terminated on 31 May 2013.

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 2013 or subsequent to the period end date and prior to the date of this report.

Financial Reporting

The interim financial report of the Company for the six months ended 30 June 2013 has been reviewed by the Audit Committee. The Directors acknowledge their responsibility for preparing the accounts and presenting a balanced, clear and comprehensive assessment of the Company's performance, position and prospects. They are not aware of any material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. An explanation of the basis on which the Company generates or preserves value over the longer term (the business model) and the strategy for delivering the Company's objectives is set out in the section headed 'Strategic Plan" of the "Management's Discussion and Analysis of the Group's Performance" in this report.

Publication on Websites

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

On behalf of the Board of
Regent Pacific Group Limited

James Mellon
Co-Chairman

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

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

Hong Kong, 29 August 2013