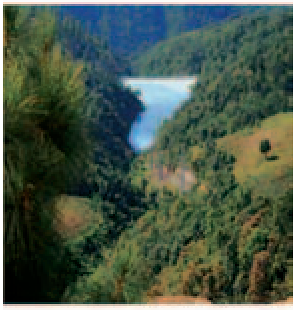
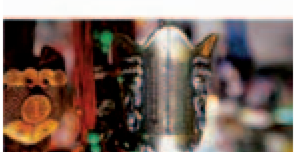
Regent Pacific Group Limited

(Incorporated in the Cayman Islands with Limited Liability)

Stock Code: 0575 29 August 2013

ANNOUNCEMENT

UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 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 3013. 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

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

Tel: (852) 2514 6111
Fax: (852) 2810 4792 | (852) 2509 0827
Email: info@regentpac.com
Website: www.regentpac.com

- 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**" or "**Regent**" 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)
Discontinued operations	9		
Operating loss		—	—
Gain on disposal of the Ji Ri Ga Lang Coal Project	9, 11	—	4,409
Taxation	9	—	(991)
Profit for the period from discontinued operations		—	3,418
Loss for the period		(26,966)	(33,021)

	Notes	(Unaudited) For the six months ended 30 June 2013 US$'000	30 June 2012 US$'000
Other comprehensive income			
Unrealised loss on available-for-sales 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)
(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		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
EQUITY			
Capital and reserves attributable to shareholders of the Company			
Share capital		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

Notes:

1. General information and basis of preparation

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

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

The interim financial report has been prepared in accordance with the applicable disclosure requirements of Appendix 16 to The Rules Governing the Listing of Securities on the HK Stock Exchange (the "**HK Listing Rules**") and Hong Kong Accounting Standard ("**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 below.

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

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.

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
and crediting:						
Interest income on bank deposits*	83	53	—	—	83	53
Net foreign exchange gain*	2,969	197	—	—	2,969	197
Dividend income from unlisted equities*	—	75	—	—	—	75
Dividend income from listed equities*	22	24	—	—	22	24
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 11)	—	—	—	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 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
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 announcement, 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) Provision/(Reversal) of CGT on gain of BCI shares	(11,681)	13,273
(ii) (Recognition)/Reversal of deferred tax asset arising from unrealised capital loss on Venturex shares	6,076	(6,076)
Net charge/(credit) 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	11	—	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. 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:

	2012 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

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 4.6g/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$180.5m 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 5,500m 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.

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/ (payment)	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$25.57 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	(33.17)
Metals mining	(1.02)
Reversal of the deferred tax assets	(6.08)
Write back of the provision of CGT	11.68
Others	0.05
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 other significant changes in the Group's financial position and from the information disclosed under Management's Discussion and Analysis in the interim report for the six months ended 30 June 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.

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 announcement.

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

REVIEW BY THE AUDIT COMMITTEE

The interim financial report of the Company for the six months ended 30 June 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 Corporate Governance Practices (the "**Code on CG Practices**") and were recently amended on 13 March 2012 in order to comply with the relevant code provisions in the CG Code which was designated to take effect on 1 April 2012. The committee's purpose is to assist the Board in providing an independent review of the effectiveness of the financial reporting process and the internal control and risk management systems of the Company, overseeing the audit process and performing other duties and responsibilities as assigned by the Board.

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

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

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

INTERNAL CONTROL

Pursuant to Code Provision C.2.1 of the Code on CG Practices and later the CG Code, the Audit Committee has engaged an independent professional firm to undertake a review of the Group's internal control systems, including its financial, operational and compliance functions. During the six months ended 30 June 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 384,247,052 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 announcement, 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 announcement.

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 announcement.

PUBLICATION ON WEBSITES

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

DESPATCH OF INTERIM REPORT

The interim report containing full details of the Company's unaudited interim results for the six months ended 30 June 2013 will be despatched to all its shareholders and be published on the aforesaid websites before 30 September 2013.

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