瑞金礦業
Real Gold Mining Limited

REAL GOLD MINING LIMITED
瑞 金 礦 業 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 246)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

Financial Highlights

For the year ended 31 December 2012, the Group's revenue amounted to approximately RMB790.5 million (2011: RMB1,412.7 million).

For the year ended 31 December 2012, loss and total comprehensive loss attributable to owners of the Company was approximately RMB67.0 million (2011: RMB758.4 million).

For the year ended 31 December 2012, the basic loss per share amounted to approximately RMB7.37 cents (2011: RMB83.45 cents).

No final dividend was recommended by the Board for the two years ended 31 December 2012 and 2011.

The board of directors (the "**Board**") of Real Gold Mining Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (together the "**Group**") for the year ended 31 December 2012, which have been agreed by the auditor of the Company, and together with the comparative figures for the corresponding period in 2011 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	**2012** *RMB'000*	2011 *RMB'000*
Revenue	*5*	**790,482**	1,412,736
Cost of sales		**(438,314)**	(340,266)
Gross profit		**352,168**	1,072,470
Other income	*6*	**139,484**	187,886
Administrative expenses		**(89,977)**	(105,900)
Other expenses	*7*	**(387,833)**	(1,630,903)
Profit/(Loss) from operations		**13,842**	(476,447)
Loss on disposal of a subsidiary		**—**	(69,343)
Profit/(Loss) before tax		**13,842**	(545,790)
Income tax expense	*8*	**(102,395)**	(307,691)
Loss and total comprehensive loss for the year	*9*	**(88,553)**	(853,481)
Loss and total comprehensive loss for the year attributable to:			
Owners of the Company		**(66,964)**	(758,360)
Non-controlling interests		**(21,589)**	(95,121)
		(88,553)	(853,481)
Loss per share			
Basic	*11*	**(RMB7.37 cents)**	(RMB83.45 cents)
Diluted	*11*	**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

	Notes	**2012** *RMB'000*	2011 *RMB'000*
Non-current assets			
Property, plant and equipment		**825**	1,500
Mining rights		**—**	—
Exploration and evaluation assets		**480,170**	480,170
Prepaid land lease payments		**2,753**	2,815
Prepaid project payments	*12*	**—**	364,166
		483,748	848,651
Current assets			
Prepaid land lease payments		**62**	62
Loans to a shareholder	*13*	**—**	256,360
Inventories		**11,439**	8,765
Trade and other receivables	*14*	**682,322**	48,866
Bank and cash balances		**2,766,249**	2,805,120
		3,460,072	3,119,173
Current liabilities			
Other payables		**117,297**	72,860
Current tax liabilities		**10,885**	22,782
		128,182	95,642
Net current assets		**3,331,890**	3,023,531
Total assets less current liabilities		**3,815,638**	3,872,182
Non-current liabilities			
Provision for restoration cost		**9,094**	9,094
Deferred tax liabilities		**16,724**	16,724
		25,818	25,818
NET ASSETS		**3,789,820**	3,846,364
Capital and reserves			
Share capital		**797,619**	797,619
Reserves		**2,973,837**	3,008,792
Equity attributable to owners of the Company		**3,771,456**	3,806,411
Non-controlling interests		**18,364**	39,953
TOTAL EQUITY		**3,789,820**	3,846,364

NOTES

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681 Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business in Hong Kong is Units 3601–03, 36/F, AIA Tower, 183 Electric Road, North Point. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and have been suspended for trading since 27 May 2011.

The Company is an investment holding company. Its subsidiaries are principally engaged in exploration, mining and processing of gold ore and sale of concentrates in the People's Republic of China (the "**PRC**").

The consolidated financial statements have been presented in Renminbi ("**RMB**"), which is also the functional currency of the Company and its principal subsidiaries.

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied all the new and revised standards, amendments and interpretations (hereinafter collectively referred to as "**new and revised IFRSs**") that are relevant to its operations and effective for its accounting year beginning on 1 January 2012. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards ("**IFRSs**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies.

4. SEGMENT INFORMATION

The Group has 3 operating mines in Nantaizi, Shirengou and Luotuochang in Inner Mongolia, the PRC. The Group is organised based on the locations of its ore processing plants. The ore processing plant located at Nantaizi processes ore from the mines in Nantaizi and Shirengou. The ore processing plant located at Luotuochang only processes ore from the mine in Luotuochang. For management reporting purpose, the Group's executive directors, who are the chief operating decision maker ("**CODM**") reviewed the financial information of each ore processing plant for the purpose of resources allocation and performance evaluation. Hence, the processing activities at each of the ore processing plants in Nantaizi and Luotuochang is presented as an operating segment.

The Group acquired certain subsidiaries engaged in exploration activities in Yunnan, Jiangxi and Guangxi, the PRC. The CODM also reviewed financial information of each subsidiary separately. Because all these subsidiaries carry out exploration activities, they are aggregated as one reportable segment of exploration of gold mines.

The Group's reportable segments are set out as follows:

(i) Ore processing plant in Nantaizi — the mining and ore processing activities in respect of the mines in Nantaizi and Shirengou;

(ii) Ore processing plant in Luotuochang — the mining and ore processing activities in respect of the mine in Luotuochang;

(iii) Exploration of gold mines — the exploration activities in various places.

Information about reportable segment profit or loss, assets and liabilities:

	Ore processing plant in Nantaizi *RMB'000*	**Ore processing plant in Luotuochang** *RMB'000*	**Exploration of gold mines** *RMB'000*	**Total** *RMB'000*
For the year ended 31 December 2012				
Revenue from external customers	**518,628**	**271,854**	**—**	**790,482**
Segment profit/(loss) before tax	**168,444**	**(5,676)**	**(112,209)**	**50,559**
Addition to non-current assets	**163,466**	**113,088**	**111,279**	**387,833**
Amortization of prepaid land lease payments	**27**	**35**	**—**	**62**
Depreciation of property, plant and equipment	**—**	**—**	**—**	**—**
Impairment losses on property, plant and equipment	**163,466**	**113,088**	**—**	**276,554**
Impairment losses on exploration and evaluation assets	**—**	**—**	**111,279**	**111,279**
Bank interest income	**118**	**84**	**—**	**202**
Income tax expense	**77,540**	**23,820**	**—**	**101,360**
As at 31 December 2012				
Segment assets	**11,545**	**11,675**	**482,024**	**505,244**
Segment liabilities	**88,718**	**55,737**	**234**	**144,689**

	Ore processing plant in Nantaizi *RMB'000*	Ore processing plant in Luotuochang *RMB'000*	Exploration of gold mines *RMB'000*	Total *RMB'000*
For the year ended 31 December 2011				
Revenue from external customers	982,512	430,224	—	1,412,736
Segment profit/(loss) before tax	499,008	112,369	(948,583)	(337,206)
Addition to non-current assets	39,389	15,298	225,517	280,204
Amortization of prepaid land lease payments	91	34	—	125
Amortization of mining rights	9,879	1,797	—	11,676
Depreciation of property, plant and equipment	13,538	10,841	493	24,872
Impairment losses on property, plant and equipment	271,789	166,849	37,528	476,166
Impairment losses on mining rights	117,542	38,810	—	156,352
Impairment losses on exploration and evaluation assets	—	—	908,775	908,775
Provision for restoration cost	6,525	1,894	—	8,419
Bank interest income	207	85	2	294
Income tax expense	225,813	80,749	—	306,562
As at 31 December 2011				
Segment assets	21,743	13,243	482,029	517,015
Segment liabilities	76,560	38,410	240	115,210

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2012	2011
	RMB'000	*RMB'000*
Revenue		
Total revenue of reportable segments and consolidated revenue	**790,482**	1,412,736
Profit or loss		
Total profit/(loss) of reportable segments	**50,559**	(337,206)
Unallocated other income	**41,640**	23,199
Unallocated corporate expenses	**(78,357)**	(84,204)
Unallocated other expenses	**—**	(78,236)
Loss on disposal of a subsidiary	**—**	(69,343)
Consolidated profit/(loss) before tax	**13,842**	(545,790)
Assets		
Total assets of reportable segments	**505,244**	517,015
Unallocated bank and cash balances	**2,765,499**	2,804,536
Unallocated prepaid project payments	**—**	364,166
Unallocated loans to a shareholder	**—**	256,360
Unallocated corporate assets	**673,077**	25,747
Consolidated total assets	**3,943,820**	3,967,824
Liabilities		
Total liabilities of reportable segments	**144,689**	115,210
Unallocated corporate liabilities	**9,311**	6,250
Consolidated total liabilities	**154,000**	121,460

Apart from the above, the totals of other material items disclosed in the segment information are the same as the consolidated totals.

Geographical information

(i) *Revenue from external customers*

For both years, all the revenue are derived from customers located in the PRC.

(ii) *Non-current assets*

	2012	2011
	RMB'000	*RMB'000*
Hong Kong	**800**	1,458
PRC	**482,948**	847,193
	483,748	848,651

In presenting the geographical information, revenue is based on the locations of the customers.

Information about major customers

		2012	2011
	Segment	***RMB'000***	*RMB'000*
Customer A	Ore processing plant in Nantaizi and Luotuochang	**—**	135,473
Customer B	Ore processing plant in Nantaizi and Luotuochang	**—**	243,971
Customer C	Ore processing plant in Nantaizi and Luotuochang	**440,103**	408,577
Customer D	Ore processing plant in Nantaizi	**241,422**	456,434
Customer E	Ore processing plant in Nantaizi and Luotuochang	**93,529**	*131,388

* Revenue from the customer did not exceed 10% of total revenue during the year. The amount is shown for comparative purpose.

5. REVENUE

The Group's revenue which represents sales of goods to customers are as follows:

	2012	2011
	RMB'000	*RMB'000*
Products:		
— Gold	**574,368**	967,013
— Copper	**117,748**	231,195
— Other (Silver, Lead and Zinc)	**98,366**	214,528
	790,482	1,412,736

6. OTHER INCOME

	2012	2011
	RMB'000	*RMB'000*
Government subsidies	**97,643**	164,392
Interest income arising from loans to a shareholder	**9,518**	14,129
Interest income arising from amounts due from debtors	**12,448**	—
Exchange gain	**2,685**	—
Bank interest income	**17,190**	9,365
	139,484	187,886

Government subsidies represent the benefit from tax concession granted by the PRC government to encourage the production and sale of gold concentrates. Under the tax concession, the Group is not required to pay to the government authority value-added tax which have been charged on the sale of gold concentrates.

7. OTHER EXPENSES

	2012	2011
	RMB'000	*RMB'000*
Exchange losses	**—**	78,234
Impairment losses on prepaid land lease payments	**—**	2,957
Impairment losses on property, plant and equipment	**276,554**	476,166
Impairment losses on mining rights	**—**	156,352
Impairment losses on exploration and evaluation assets	**111,279**	908,775
Provision for restoration cost	**—**	8,419
	387,833	1,630,903

8. INCOME TAX EXPENSE

	2012	2011
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax ("**EIT**")		
— Current year	**102,288**	307,535
— Under-provision in prior years	**107**	156
	102,395	307,691

No provision for Hong Kong Profits Tax is required since the Group's income is derived from overseas sources which is not liable to Hong Kong Profits Tax.

The applicable income tax rate for the subsidiaries of the Group in the PRC in the current year is 25% (2011: 25%).

In addition, the Law of the PRC on EIT has imposed withholding tax upon the distribution of the profits earned by the PRC subsidiaries from 1 January 2008 onwards to their non-PRC shareholders. At 31 December 2012, the aggregate amount of temporary differences associated with retained earnings of the Group's PRC subsidiaries was approximately RMB812,467,000 (2011: RMB855,933,000). Deferred taxation has not been provided for in the consolidated financial statements in respect of these temporary differences attributable to retained profits of the Group's PRC subsidiaries amounting to approximately RMB645,228,000 (2011: RMB688,694,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The reconciliation between the income tax expense and the product of profit/(loss) before tax multiplied by the PRC EIT rate is as follows:

	2012	2011
	RMB'000	*RMB'000*
Profit/(Loss) before tax	**13,842**	(545,790)
Tax at applicable PRC EIT rate of 25% (2011: 25%)	**3,461**	(136,448)
Tax effect of income that is not taxable	**(5,748)**	(8,201)
Tax effect of expenses that are not deductible	**64**	27,460
Tax effect of temporary differences not recognized	**87,824**	389,250
Tax effect of tax losses not recognized	**16,687**	35,474
Under-provision in prior years	**107**	156
Income tax expense	**102,395**	307,691

9. LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR

The Group's loss and total comprehensive loss for the year is stated after charging the following:

	2012	2011
	RMB'000	*RMB'000*
Auditor's remuneration	**936**	954
Amortization of mining rights (included in cost of sales)	**—**	11,676
Amortization of prepaid land lease payments	**62**	125
Cost of inventories processed and sold	**427,112**	322,964
Depreciation of property, plant and equipment	**589**	25,530
Operating lease payments for rented premises	**2,581**	2,574
Staff costs including directors' emoluments		
— Salaries, bonus and allowances	**33,199**	40,428
— Equity-settled share-based payment expenses	**32,008**	42,507
— Retirement benefits scheme contributions	**3,370**	5,779
	68,577	88,714

10. DIVIDENDS

	2012	2011
	RMB'000	*RMB'000*
2011 Interim of HK$0.05 per ordinary share paid	—	37,163
2010 Final of HK$0.05 per ordinary share paid	—	37,984
	—	75,147

11. LOSS PER SHARE

Basic loss per share

The calculation of basic loss per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB66,964,000 (2011: RMB758,360,000) and the weighted average number of ordinary shares of 908,786,000 (2011: 908,775,000) in issue during the year.

Diluted earnings per share

The effects of all potential ordinary shares are anti-dilutive for the two years ended 31 December 2012 and 2011.

12. PREPAID PROJECT PAYMENTS

During the first quarter of 2011, two acquisition agreements were entered into between the Company and Top Lucky Management Limited (the "**Top Lucky**"), a company controlled by the then controlling shareholder of the Company Mr. Wu Ruilin ("**Mr. Wu**"), pursuant to which the Company agreed to purchase certain mining and exploration rights from Top Lucky in relation to two phosphorus mines situated in Khovsgol Province, Mongolia (the "**Acquisition**"), for a consideration of HK$520,000,000. HK$449,200,000 was paid by the Company in this respect. Under the terms of the two agreements relating to the Acquisition, the Company has the right to instruct an independent third party valuer which is acceptable to Top Lucky to value the Acquisition. If the value of the Acquisition is determined to be less than HK$520,000,000, then the Company has the right to terminate the Acquisition and it will be reimbursed the consideration already paid.

On 27 September 2012, the Acquisition was terminated and the receivables from the Top Lucky amounting to HK$449,200,000 were transferred to third parties pursuant to a debt restructuring agreement.

13. LOANS TO A SHAREHOLDER

On 23 February 2011, the Company entered into a loan agreement with Mr. Wu, for an unsecured loan to him of HK$367,000,000. The loan was repayable before 30 March 2012. Interest was charged at a rate based on the People's Bank of China lending rates and was payable with the repayment of the loan. A balance of the principal amount of the loan of approximately HK$316,221,000 (equivalent to approximately RMB256,360,000) was outstanding as at 31 December 2011.

On 27 September 2012, the loan receivables (including interest) from Mr. Wu amounting to approximately HK$344,948,000 were transferred to third parties pursuant to a debt restructuring agreement.

14. TRADE AND OTHER RECEIVABLES

	Notes	2012 RMB'000	2011 RMB'000
Trade receivables	*(i)*	**7,740**	22,289
Bills receivables	*(ii)*	**253,000**	—
Prepayments, deposits and other receivables		**20,902**	26,577
Amounts due from debtors	*(iii)*	**400,680**	—
		682,322	48,866

Notes:

(i) The aging analysis of trade receivables presented based on the invoice date is as follows:

	2012 RMB'000	2011 RMB'000
0 to 90 days	**7,740**	22,289

The average credit period granted to the Group's customers is 90 days (2011: 90 days). The balances of trade receivables were denominated in RMB.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Majority of the trade receivables that were neither past due nor impaired had no default payment history.

(ii) Bills receivables arose as a result of partial settlement of amounts due from debtors.

(iii) The amounts due from debtors were transferred from prepaid project payments and loans to a shareholder according to the debt restructuring agreement. The amounts were unsecured, interest bearing with an interest of 4.75% per annum. The settlement was completed in June 2014.

15. EVENT AFTER THE REPORTING PERIOD

Chifeng Fuqiao Mining Co. Limited* (赤峰富僑礦業有限公司), being a subsidiary indirectly held and wholly owned by the Company, has taken over operational control of Inner Mongolia Siziwangqi Gaotai Mining Company Limited* (內蒙古四子王旗高台礦業有限責任公司), after acquiring its 70% equity interest from third parties who are independent of and not connected with the Company and its connected persons at a consideration of RMB59,500,000 in the first quarter of 2015.

* *For identification purpose only*

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

"Basis for qualified opinion

Corresponding figures

Our audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2011, which forms the basis for the corresponding figures presented in the current year's consolidated financial statements, was qualified because of the limitations on the scope of our audit, details of which are set out in our audit report dated 29 January 2016.

Opinion

In our opinion, except for the possible effects of the matter on the consolidated profit or loss for the year ended 31 December 2011 as described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2012, and of the Group's results and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

We specialize in the mining of gold and the processing of ore into concentrates containing gold and other minerals for subsequent sale. The Group has two gold mines in operation in the Chifeng Municipality, Inner Mongolia, namely, Shirengou Gold Mine and Nantaizi Gold Mine. They are adjacent to each other, and the ore processing facility located at Nantaizi Gold Mine ("**Shirengou-Nantaizi Processing Plant**") processes ore from both Nantaizi Gold Mine and Shirengou Gold Mine. Luotuochang Gold Mine, another gold mine of the Group which is also located in the Chifeng Municipality, Inner Mongolia, was in operation previously until the Board decided in July 2014 to suspend the mining activities there. The ore processing facility located at Luotuochang Gold Mine ("**Luotuochang Processing Plant**") processed ore from Luotuochang Gold Mine when it was in operation.

Operation Review

	1H12	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12	2012	2011	YoY
Shirengou-Nantaizi Processing Plant										
Average Daily Capacity (t/day)	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	
Utilization Rate (%)	99.1	98.9	98.9	98.9	97.8	99.7	99.3	99.0	99.9	
Production Days (Days)	141.3	28.0	29.0	27.0	27.0	18.0	20.0	290.3	289.2	—
Ore Processed (kt)	207.3	41.0	42.4	39.5	39.1	26.6	29.4	425.2	427.4	—
Average Gold Grade (g/t)	5.7	4.3	4.2	4.2	3.4	3.3	3.3	4.7	8.6	–45%
Average Recovery Rate (%)	77.1	83.2	82.4	82.5	74.0	73.3	79.7	78.3	81.8	–4%
Payable Gold (koz)	29.2	4.7	4.7	4.4	3.2	2.1	2.5	50.7	96.9	–48%
Equivalent Gold (koz)	36.2	5.8	5.8	5.5	3.9	2.5	2.9	62.6	125.2	–50%
Luotuochang Processing Plant										
Average Daily Capacity (t/day)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	
Utilization Rate (%)	100.3	99.9	100.0	100.0	99.8	99.7	100.0	100.1	99.9	
Production Days (Days)	134.5	27.0	28.0	27.0	27.0	22.0	28.0	293.5	294.5	—
Ore Processed (kt)	148.4	29.7	30.8	29.7	29.6	24.1	30.8	323.1	323.7	—
Average Gold Grade (g/t)	2.6	2.0	2.0	2.0	1.9	1.7	1.8	2.2	2.9	–24%
Average Recovery Rate (%)	83.6	83.1	83.2	83.3	81.5	80.4	80.6	82.9	86.2	–4%
Payable Gold (koz)	10.2	1.6	1.6	1.6	1.4	1.1	1.4	18.9	26.5	–29%
Equivalent Gold (koz)	17.9	2.9	3.0	2.9	2.6	1.9	2.3	33.5	56.1	–40%
Total Payable Gold (koz)	**39.3**	**6.3**	**6.3**	**6.0**	**4.6**	**3.2**	**3.9**	**69.6**	**123.4**	**–44%**
Total Produced Equivalent Gold (koz)	**54.1**	**8.7**	**8.8**	**8.4**	**6.5**	**4.4**	**5.3**	**96.1**	**181.3**	**–47%**

Operational conditions of Shirengou-Nantaizi Processing Plant

The total amount of ore processed for the year ended 31 December 2012 was approximately 425,200 tonnes, which was at about the same level as for the year ended 31 December 2011.

The average gold grade for the year ended 31 December 2012 was approximately 4.7 grams per tonne, and the average recovery rate was around 78.3%.

The total production of payable gold and equivalent gold for the year ended 31 December 2012 was approximately 50,700 ounces and 62,600 ounces respectively, representing a decrease of approximately 48% and 50% respectively from the year of 2011.

Operational conditions of Luotuochang Processing Plant

The total amount of ore processed for the year ended 31 December 2012 was approximately 323,100 tonnes, which was at about the same level as for the year ended 31 December 2011.

The average gold grade for the year ended 31 December 2012 was approximately 2.2 grams per tonne, and the average recovery rate was approximately 82.9%.

The total production of payable gold and equivalent gold for the year ended 31 December 2012 was approximately 18,900 ounces and 33,500 ounces respectively, representing a decrease of approximately 29% and 40% respectively from the year of 2011.

As announced in the Company's announcement dated 19 August 2014, the Board has decided in July 2014 to suspend the mining activities at Luotuochang Gold Mine and the operation of Luotuochang Processing Plant.

Overall, the Company produced approximately 69,600 ounces of payable gold and approximately 96,100 ounces of equivalent gold for the year ended 31 December 2012, representing a decrease of approximately 44% and 47% respectively from the year of 2011.

The decrease in the total production of payable gold in Shirengou-Nantaizi Processing Plant and in Luotuochang Processing Plant was mainly due to the following factors:

(a) Decrease in average gold grade caused by the reasons below:

    (i) Increase in dilution. As the mining depth deepened, ore-control fault structures have changed, which resulted in more heavily fracturing ore bodies and instability of the hanging wall. Therefore, ores were easily mixed with a large number of country rocks at the time of mining, which led to the decrease of ore grade.

    (ii) Decrease of geological grade in some parts of the ore bodies. It was verified that in the deeper area of the ore drift, geological grade in some parts of the ore bodies decreased, and in turn the ore grade also decreased.

(b) Decrease in average recovery rate owing to lower grade of raw ores.

The decrease in the total production of equivalent gold in Shirengou-Nantaizi Processing Plant and in Luotuochang Processing Plant was mainly due to the decrease in the total production of payable gold which formed part of the total production of equivalent gold, coupled with the decrease in the production and prices of other metals, as well as increase in the price of gold, which was used as the denominator to calculate the quantity of equivalent gold of the other metals.

Update on the activities at the other gold mines of the Group

As mentioned in the Company's announcement dated 6 May 2015, Chifeng Fuqiao, being a subsidiary indirectly held and wholly owned by the Company, has in the first quarter of 2015 acquired 70% of the equity interest of Gaotai Mining, which owns Gaotaizi Gold Mine in Inner Mongolia. There is currently no production at the Gaotaizi Gold Mine. The Company is carrying out exploration activities in the deeper and the outer parts of the mine in preparation for expansion of production capacity in the future.

As at the date of this announcement, the Company also owns Yandan Gold Mine, Yantang Gold Mine and nine other smaller gold mines in Guangxi.

The Company is still in the process of applying for the mining permits for Yandan Gold Mine in Guangxi in accordance with the requisite procedure.

For Yantang Gold Mine and two smaller gold mines in Guangxi, some ore reserves have been indicated by geological surveys. Relevant work is being carried out before the Company starts to apply for the mining permits.

The Company will consider abandoning the remaining seven smaller gold mines in Guangxi in due course and will make announcement in this regard as and when required.

Resources/Reserves

The following is a statement of Resources/Reserves (as defined under Rule 18.01 of the Listing Rules) of the Group as at 31 December 2012:

Subsidiary	**% owned by the Company**	**Mine**	**Quantity of gold Resources/ Reserves** *(koz)*	**Resources/ Reserves**	**Reporting standard**	**Categories**	**Gold Grade** *(g/tonne)*
Shirengou	100.00%	Shirengou	610	Resources	*Note*	*Note*	10.50
Nantaizi	100.00%	Nantaizi	1,275	Resources	*Note*	*Note*	10.90
Guotao	100.00%	Luotuochang	125	Resources	*Note*	*Note*	5.10
Yunnan Gudao	95.00%	Yangchangbian	132	Reserves	PRC	333 + 334	2.90
Yuanyi Mining	100.00%	Yantang	66	Resources	PRC	332 + 333	1.41
Guangxi Jinding	78.57%	Yandan	611	Resources	PRC	332 + 333	1.45
Guangxi Jinding	78.57%	the other 12 mines	243	Resources	PRC	332 + 333 + 334	N/A

Note: The 2012 resources are based on the "as-mined" tonnes and grade, as well as the tonnes and grade reported in the JORC compliant 2015 Runge Pincock Minarco's report. The 2012 resources are not JORC compliant

Prospects

The Company considers identification and acquisition of gold mines to be its core competence and growth by acquisition of gold mines to be its key corporate strategy. We will keep looking for potential merger and acquisition opportunities, in particular the gold mines with existing operations. By leveraging on our stable management team with extensive experience in gold mining operations, we will be able to strengthen the competitiveness of the Group and maximize the interests of both the Company and its shareholders. We are committed to strengthen the corporate governance of the Group, and will continue to facilitate the resumption of trading of the Company in the course of the coming months, leading the Company to a bright future and create the greatest possible value for all shareholders of the Company.

Financial Review

Revenue

The revenue of the Group decreased from approximately RMB1,412.7 million for the year ended 31 December 2011 to approximately RMB790.5 million for the year ended 31 December 2012. The decrease was the net result of the favorable and unfavorable factors set out below. Favorable factor was mainly the increases in the average prices of gold while unfavorable factors were lower gold grade, as well as lower average recovery rate.

Cost of sales

Cost of sales was approximately RMB438.3 million for the year ended 31 December 2012, increased from approximately RMB340.2 million for the same period of 2011 and primarily included cost of raw materials consumed, subcontracting fees, auxiliary material costs, electricity costs, depreciation and amortization, environmental protection fees and production safety fees. For the year ended 31 December 2012, our cost of sales accounted for approximately 55.4% of our total revenue, increasing from approximately 24.1% for the same period of 2011, owing to the significant decrease of revenue as well as the increase in mining labour costs.

Gross profit and gross margin

As a result of the foregoing, gross profit was approximately RMB352.2 million and gross margin was approximately 44.6% for the year ended 31 December 2012. For the year ended 31 December 2011, gross profit was approximately RMB1,072.5 million and gross margin was approximately 75.9%.

Other income

Other income decreased from approximately RMB187.9 million for the year ended 31 December 2011 to approximately RMB139.5 million for the year ended 31 December 2012.

Other income for the year ended 31 December 2012 consisted mainly of government subsidies of approximately RMB97.6 million, interest income arising from loans to a shareholder of approximately RMB9.5 million, interest income arising from amounts due from debtors of approximately RMB12.4 million and bank interest income of approximately RMB17.2 million.

The other income for the year ended 31 December 2011 was government subsidies of approximately RMB164.4 million, interest income arising from loans to a shareholder of approximately RMB14.1 million and bank interest income of approximately RMB9.4 million.

The government subsidies were in the form of a benefit from tax concession granted to us by the PRC government to encourage the development of the gold industry. The decrease in government subsidies was due to the decrease in revenue. The interest income arising from loans to a shareholder decreased mainly because the period during which interest-bearing loans were outstanding was shorter in 2012 than in 2011. Bank interest income increased as the bank deposits achieved higher return in 2012 than in 2011.

Administrative expenses

Administrative expenses decreased from approximately RMB105.9 million for the year ended 31 December 2011 to approximately RMB90.0 million for the year ended 31 December 2012.

The administrative expenses for the year ended 31 December 2012 primarily represented equity-settled share-based payment expenses of approximately RMB32.0 million (2011: RMB42.5 million), salaries paid and payable to, and benefits for, our administrative and management staff of approximately RMB21.8 million (2011: RMB30.2 million) and professional fees of approximately RMB25.3 million (2011: RMB19.1 million)

Equity-settled share-based payment expenses decreased from approximately RMB42.5 million for the year ended 31 December 2011 to approximately RMB32.0 million for the year ended 31 December 2012 as fewer share options were involved in the calculation of the expense in 2012 than in 2011. Administrative and management staff costs decreased because the provisions made in 2011 for social security insurance for staff for prior years were made only once. Professional fees increased as consultancy fee was incurred in 2012 for Debt Restructuring Agreement (as defined below) and the transactions contemplated thereunder.

Other Expenses

Other expenses decreased from approximately RMB1,630.9 million for the year ended 31 December 2011 to approximately RMB387.8 million for the year ended 31 December 2012.

Other expenses for the year ended 31 December 2012, primarily represented impairment losses on exploration and evaluation assets of approximately RMB111.3 million and impairment losses on property, plant and equipment of approximately RMB276.5 million.

Other expenses for the year ended 31 December 2011, primarily represented impairment losses on exploration and evaluation assets of approximately RMB908.8 million, impairment losses on property, plant and equipment of approximately RMB476.2 million and impairment losses on mining rights of approximately RMB156.4 million as well as exchange losses of approximately RMB78.2 million.

Impairment losses were recognized as the investments in exploration and evaluation assets, property, plant and equipment and mining rights were not expected to provide the required return.

Exchange difference arose primarily from the translation and the settlement of monetary items such as bank balances, prepaid project payments, loans to a shareholder and amounts due from debtors denominated in currencies other than RMB. No exchange loss was recorded in 2012 as Hong Kong dollars ("**HKD**") appreciated very slightly in the year against RMB while HKD depreciated in 2011 against RMB.

Tax expenses

Tax expenses were approximately RMB102.4 million and RMB307.7 million for the years ended 31 December 2012 and 2011 respectively, representing income tax on the profit generated from the gold mines, less any tax losses brought forward from prior years, the net amount being taxed at the PRC's EIT rate of 25%.

Loss and total comprehensive loss for the year attributable to owners

Loss and total comprehensive loss attributable to owners of the Company for the year ended 31 December 2012 was approximately RMB67.0 million (2011: RMB758.4 million).

Cash flows

For the two years ended 31 December 2012 and 2011, we principally engaged in the exploration, mining and processing of gold ore and sale of concentrates in the PRC.

Our liquidity requirements relate to funding working capital, capital expenditures, acquisition of exploration and mining rights and maintaining cash reserves for future acquisitions. Our capital requirements include construction of mine shafts and the expansion of the ore processing facilities. We plan to fund acquisition of exploration and mining rights, capital expenditures and working capital with cash from operating activities, existing bank and cash balances, net proceeds from the initial public offering ("**IPO**") of the Company's shares in accordance with the purposes for which they are intended to be used, proceeds from the exercise of share options by directors and employees and proceeds from the issue of new shares. We may also finance our working capital, if needed, using a combination of short-term and long-term bank borrowings.

Cash and cash equivalents decreased in the amount of approximately RMB38.9 million from approximately RMB2,805.1 million as at 31 December 2011 to approximately RMB2,766.2 million as at 31 December 2012.

Approximately RMB349.0 million was generated from operating activities for the year ended 31 December 2012. Net cash from operating activities was the net cash flow relating to cash inflow in respect of profit before tax adjusted for items not involving movement of cash, cash inflow in respect of the decrease in working capital under operating activities and cash outflow in respect of income tax paid.

Net cash used in investing activities amounted to approximately RMB387.9 million for the year ended 31 December 2012, of which approximately RMB111.3 million related to the cash outflow in respect of the additions of exploration and evaluation assets and approximately RMB276.6 million related to the cash outflow in respect of the additions of property, plant and equipment.

No cash was generated from or used in financing activities for the year ended 31 December 2012.

Borrowings

As at 31 December 2012 and 2011, the Group did not have any short-term or long-term bank loans. Gearing, being total interest-bearing debt divided by total assets, was nil for both 2011 and 2012.

Use of net proceeds from the Company's IPO

The Company was listed on the Main Board of the Stock Exchange on 23 February 2009. The net proceeds from the Company's issue of new shares (after deducting expenses relating specifically to the issue of new shares in the IPO and expenses relating generally to the listing of all the shares of the Company, whether existing or new) amounted to approximately HKD569.3 million (equivalent to approximately RMB501.7 million), which is slightly more than the estimate of HKD565.2 million as stated in the announcement of the IPO allotment results dated 20 February 2009.

As at 31 December 2012, the net proceeds of IPO had been utilized in the following manner:

	Future acquisition of gold resources in		Expanding exploration activities			
	Inner Mongolia	**Other regions**	**Exploration activities**	**Facilitating actual production**	**Capital expenditures at existing gold mines**	**General corporate purpose**
	HKD million	*HKD million*	*HKD million*	*HKD million*	*HKD million*	*HKD million*
Planned amount per Prospectus	20.9	158.8	72.3	35.6	170.3	11.3
Planned amount for actual net IPO proceeds 2009	25.4	192.7	87.7	43.2	206.6	13.7
Amount utilized up to 31 December 2010	(25.4)	(192.7)	—	—	—	(13.7)
Balance as at 31 December 2010	—	—	87.7	43.2	206.6	—
Amount utilized from 1 January to 25 February 2011	—	—	—	—	—	—
Balance as at 25 February 2011	—	—	87.7	43.2	206.6	—
Change of proposed use of the unutilized net proceeds	—	337.5	(87.7)	(43.2)	(206.6)	—
Balance after change of proposed use	—	337.5	—	—	—	—
Amount utilized from 25 February 2011 to 31 December 2012	—	—	—	—	—	—
Balance as at 31 December 2012	—	337.5	—	—	—	—

The unutilized balance is deposited in bank accounts at commercial banks in the PRC. The Group intends to utilize the net proceeds balance in the manner as set out above.

Capital expenditure

For the year ended 31 December 2012, the Group invested approximately RMB387.9 million mainly in the construction of mining structures located at the mines in operation, and the capital expenditure (including exploration expenditure) incurred for Yangchangbian Mine and Yantang-Yandan Mines amounted to approximately RMB1.0 million and RMB110.3 million respectively.

For the year ended 31 December 2011, the Group invested approximately RMB280.2 million mainly in the construction of mining structures located at the mines in operation, and the capital expenditure (including exploration expenditure) incurred for Yangchangbian Mine, Daping Mine and Yantang-Yandan Mines amounted to approximately RMB7.0 million, RMB7.6 million and RMB210.9 million respectively.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2012 and 2011.

Capital Commitment

As at 31 December 2012, we had capital commitment of capital expenditure contracted for but not provided in the consolidated financial statement of approximately RMB585.1 million in respect of exploration projects (2011: RMB95.8 million).

Operating lease commitments

As at 31 December 2012, we had contracted obligations consisting of operating leases which totalled approximately RMB6.7 million (2011: RMB4.3 million), with approximately RMB2.4 million due within one year (2011: RMB2.5 million) and approximately RMB4.3 million due between two to five years (2011: RMB1.8 million). Lease terms ranged from one to three years with fixed rentals.

Financial instruments

The Company did not have any hedging contracts or financial derivatives outstanding for the two years ended 31 December 2012 and 2011.

Segment analysis

Segment information is disclosed in Note 4 to the consolidated financial statements set out in this announcement.

Employees and Emoluments Policy

As at 31 December 2012, the number of employees of the Group was 552 (2011: 578). For the year ended 31 December 2012, the staff cost (including directors' remuneration in the form of salaries, share-based payments and other allowances but excluding sub-contracting labour cost) was approximately RMB68.6 million (2011: RMB88.7 million).

Staff cost decreased mainly because equity-settled share-based payments decreased and the provisions made in 2011 for social security insurance for staff for prior years were made only once.

The Group's emolument policies are formulated on the performance of individual employee and on the basis of the salary trends in Hong Kong and the PRC, and will be reviewed regularly. Subject to the Group's profitability, the Group may also distribute discretionary bonus to its employees as an incentive for their contribution to the Group. The Group has adopted a share option scheme for its employees.

Debt Restructuring

During the first quarter of 2011, two agreements for the Acquisition were entered into between the Company and Top Lucky, pursuant to which HKD449,200,000 was paid by the Company before the Acquisition was brought to a halt. In addition, between February 2011 and April 2011, three loan agreements were entered into between the Company and Mr. Wu, pursuant to which a total of approximately HKD955,000,000 was lent by the Company to Mr. Wu (the "**Financial Assistance**"). As at 31 May 2012, a total loan balance of approximately HKD316,221,000, together with the corresponding accrued interest (including punitive interest) of approximately HKD28,727,000 remained outstanding from Mr. Wu. For further details on the Acquisition and the Financial Assistance, please refer to the announcement of the Company dated 22 August 2011 and Notes 12 and 13 to the Consolidated Statement of Financial Position of the Group for the year ended 31 December 2012 in this announcement.

In light of the outstanding amounts of approximately HKD794,148,000 ("**Debts**") collectively owed by Top Lucky and Mr. Wu pursuant to the Acquisition and the Financial Assistance, the Company, Mr. Wu, Top Lucky, Quanmin Investments Limited ("**Quanmin**") and Victory Gold Management Inc. ("**Victory Gold**", together with Quanmin, the "**New Debtors**") entered into a debt restructuring agreement on 26 June 2012 (the "**Debt Restructuring Agreement**"). Pursuant to the Debt Restructuring Agreement, the Company agreed, subject to certain conditions therein, during the Standstill Period (as defined therein) to (i) not pursue the repayment of the Debts; and (ii) not take any legal action against Mr. Wu and Top Lucky in respect of the Debts, subject to, the New Debtors agreeing to assume the obligation of payment of the Debts. For further details on the Debt Restructuring Agreement, please refer to the Company's announcement dated 26 June 2012 and circular dated 10 September 2012.

An extraordinary general meeting was held on 26 September 2012 ("**EGM**") and the resolution to approve the Debt Restructuring Agreement and the transactions contemplated thereunder was passed. Completion of the Debt Restructuring Agreement took place on 27 September 2012. The poll results of the EGM and details of the completion were set out in the Company's announcements dated 26 September 2012 and 27 September 2012 respectively.

Rich Vision Pledges

During the period from 8 May 2012 to 8 January 2013, Rich Vision Holdings Limited ("**Rich Vision**"), a wholly-owned subsidiary of the Company had pledged, on 18 occasions, certain bank deposits of Rich Vision (the "**Pledges**") to Ping An Bank, Shenzhen Shuibeizhubao branch, PRC ("**Ping An Bank**"), and the creation of the Pledges were only discovered by the Company's management in March 2013. Each and every of the Pledges has subsequently been released by Ping An Bank. Pursuant to the PRC legal opinion issued by the PRC Legal Adviser, the Pledges were invalid under PRC Contract Law and the applicable PRC laws and regulations on foreign exchange administration. Further information relating to the Pledges and the irregular pledging activities was set out in the Company's announcement dated 23 May 2013. As part of the follow-up actions, it was agreed with FTI Consulting (Hong Kong) Limited ("**FTI**"), the independent forensic specialist engaged by the Company, that the scope of work undertaken by FTI would include investigating into the circumstances leading to the creation of the Pledges. On 30 May 2014, FTI finalized a report in respect of its investigations, and the key findings were disclosed in the announcement of the Company dated 19 June 2014.

Appointment of independent forensic specialist

On 10 August 2012, the Company has engaged an independent forensic specialist, FTI, to conduct forensic accounting investigations in fulfillment of part of the resumption conditions imposed by the Stock Exchange. For further details, please refer to the announcement of the Company dated 10 August 2012.

Dividends

No final dividend was recommended by the Board for the two years ended 31 December 2012 and 2011.

Currency Risk

The Group has foreign currency transactions which expose the Group to market risk arising from changes in foreign exchange rates. We conduct our operations in the PRC and RMB is the functional and presentation currency of the Company. During the year ended 31 December 2012, the Group had bank balances, as well as balances of prepaid project payments, loans to a shareholder and amounts due from debtors that were denominated in foreign currencies which exposed the Group to foreign currency risks. The Group was mainly exposed to the fluctuation of HKD. The Group manages and monitors foreign exchange exposure to ensure appropriate measures are implemented in a timely and effective manner. No foreign currency hedging activity is currently undertaken by the Group.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2012.

Movement of Share Capital

	Number of shares	**Amount**
	'000	*HKD'000*
Issued and fully paid:		
Ordinary shares of HKD1.00 each		
At 31 December 2012 and 2011	908,786	908,786

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of the Listing Rules as its own code of conduct for dealing in securities of the Company by the directors. Having made specific enquiry to all the directors of the Company, the Board confirmed that they have complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2012.

Code of Corporate Governance Practices

The Company acknowledges the need for and importance of corporate governance as one of the key elements in enhancing value for shareholders of the Company. The Company is committed to improving its corporate governance practices in compliance with regulatory requirements. The Company has adopted the Corporate Governance Code as set out in Appendix 14 of the Listing Rules ("**CG Code**") to regulate the corporate governance issues of the Group. The Board has reviewed the Company's corporate governance practices for the year ended 31 December 2012 (the "**Reporting Period**"), and has formed the opinion that the Company, throughout the Reporting Period, has complied with the code provisions ("**Code Provisions**") as set out in the CG Code except for the following deviations:

Relevant Code Provisions	**Deviations from the relevant Code Provisions**	**Remedial Actions**
A2.7	No meetings were held by the chairman with the non-executive directors (including independent non-executive directors) without the executive directors present during the Reporting Period.	The chairman held a meeting with the non-executive directors (including independent non-executive directors) without the other executive directors present on 2 December 2015 and will do the same annually in future.

Relevant Code Provisions	Deviations from the relevant Code Provisions	Remedial Actions
A6.5	The directors had not participated in any continuous professional development in respect of directors' knowledge and skills during the Reporting Period.	The independent non-executive directors received training on their roles, functions and duties on 2 December 2015 and all the directors attended a directors' training session on 22 December 2015. The Company will arrange and pay for training for directors at least once a year in future.
C1.2	No monthly updates about the Company had been given to the directors during the Reporting Period.	The Company has been in compliance with this code provision since the management started to provide the directors with monthly management accounts of the Companies and its subsidiaries starting from July 2015.
C.2.1 and C.2.2	The Company had engaged a third party independent internal control consulting firm to assist the Board in conducting annual reviews of the internal control of the Group for 2009 and for 2010 but not after the trading of the shares of the Company was suspended on 27 May 2011. As a result, the Board was unable to conduct the annual review of the Company's internal control systems and matters stipulated in Code Provisions C.2.1 and C.2.2 during the Reporting Period.	ZHONGHUI ANDA RISK SERVICES Limited, an external professional adviser, was engaged by the Company on 9 November 2015 to conduct an independent internal control review and to assist the management to improve the internal control systems of the Group. Moving forward, the Company intends to engage an external professional adviser to conduct annual reviews of the Company's internal control systems of the Company in the future.
D.2.1 and D.2.2	The Investigation Committee established in the board meetings of 28 July 2011 and 1 August 2011 was not given formal terms of reference to clearly set out its powers and functions as required under Code Provisions D.2.1 and D.2.2.	The Investigation Committee was dissolved on 24 December 2015. In the future, when board committees are established, they will be given formal terms of references with the requirement (among other things) that they report back to the Board on their decisions or recommendations.

Audit and Risk Management Committee

The Company has established an Audit and Risk Management Committee for the purposes of reviewing and providing supervision over the Company's financial reporting process and internal controls.

The audited financial statements of the Group for the financial year ended 31 December 2012 have been reviewed by the Audit and Risk Management Committee (comprising Mr. Li Xiaoping (the Chairman), Mr. Zhao Enguang and Mr. Yang Yicheng as at the date of this announcement).

Publication of the Audited Consolidated Annual Results and 2012 Annual Report on the websites of the Stock Exchange and the Company

This annual results announcement is published on the website of the Stock Exchange (http://www.hkexnews.com.hk) and the Company's website (http://www.realgoldmining.com), and the 2012 Annual Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

Suspension of Trading

Trading in the shares of the Company will remain suspended pending the fulfillment of the conditions prescribed by the Stock Exchange for the resumption of the trading as disclosed in the Company's announcement dated 30 March 2012.

By Order of the Board
Real Gold Mining Limited
Lu Tianjun
Chairman

Chifeng City, Inner Mongolia, 29 January 2016

As at the date hereof, the executive directors of the Company are Mr. Lu Tianjun (Chairman), Mr. Ma Wenxue, Mr. Cui Jie and Mr. Li Qing; and the independent non-executive directors of the Company are Mr. Li Xiaoping, Mr. Zhao Enguang and Mr. Yang Yicheng.