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REAL GOLD MINING LIMITED

瑞 金 礦 業 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 246)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2016

For six months ended 30 June 2016, the revenue, cost of sales and gross loss was information related to former management of the Group and as the operations, mining and exploration had been suspended, no further relevant activities related to the former management continue to occur following the current management took control of the Group. The current Board took control of the management of the Group in late 2016. There is limited information and documents available to the current Board for the preparation of the 2016 financial information of the Group.

Financial Highlights

For the six months ended 30 June 2016, the Group's revenue amounted to approximately RMB228.2 million (six months ended 30 June 2015: RMB190.0 million).

For the six months ended 30 June 2016, loss and total comprehensive loss attributable to owners of the Company was approximately RMB698.0 million (six months ended 30 June 2015: RMB28.7 million).

For the six months ended 30 June 2016, the basic loss per share amounted to approximately RMB76.80 cents (six months ended 30 June 2015: RMB3.16 cents).

No interim dividend was recommended by the Board for the six-month periods ended 30 June 2016 and 2015.

The board of directors (the “**Board**”) of Real Gold Mining Limited (the “**Company**”) announces the unaudited interim results of the Company and its subsidiaries (together the “**Group**”) for the six months ended 30 June 2016, together with the comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended	
		30 June 2016	30 June 2015
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	228,186	189,958
Cost of sales		<u>(257,785)</u>	<u>(196,564)</u>
Gross loss		(29,599)	(6,606)
Other income	5	61,839	33,727
Administrative expenses		(31,806)	(22,807)
Other expenses	5	<u>(769,279)</u>	<u>(36,291)</u>
Loss from operations		(768,845)	(31,977)
Finance cost		<u>(423)</u>	<u>—</u>
Loss before tax	5	(769,268)	(31,977)
Income tax expense	6	<u>(25,807)</u>	<u>—</u>
Loss and total comprehensive loss for the period		<u>(795,075)</u>	<u>(31,977)</u>
Loss and total comprehensive loss for the period attributable to:			
Owners of the Company		(697,979)	(28,720)
Non-controlling interests		<u>(97,096)</u>	<u>(3,257)</u>
		<u>(795,075)</u>	<u>(31,977)</u>
Loss per share			
Basic	7	<u>(RMB76.80 cents)</u>	<u>(RMB3.16 cents)</u>
Diluted	7	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at			
	<i>Note</i>	30 June 2016	31 December 2015	<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Audited)		
Non-current assets					
Property, plant and equipment		204	126,975		
Mining rights		—	6,388		
Exploration and evaluation assets		—	600,746		
Prepaid land lease payments		—	2,584		
Deferred tax assets		—	25,807		
		<u>204</u>	<u>762,500</u>		
Current assets					
Prepaid land lease payments		—	62		
Inventories		6,841	3,704		
Trade and other receivables	8	12,458	23,364		
Bank and cash balances		681,761	819,146		
		<u>701,060</u>	<u>846,276</u>		
Current liabilities					
Other payables		122,969	238,144		
Short-term borrowings		7,690	—		
Current tax liabilities		915	915		
		<u>131,574</u>	<u>239,059</u>		
Net current assets		<u>569,486</u>	<u>607,217</u>		
Total assets less current liabilities		<u>569,690</u>	<u>1,369,717</u>		
Non-current liabilities					
Provision for restoration cost		9,094	9,094		
Deferred tax liabilities		16,724	16,724		
		<u>25,818</u>	<u>25,818</u>		
NET ASSETS		<u>543,872</u>	<u>1,343,899</u>		
Capital and reserves					
Share capital		797,619	797,619		
Reserves		(139,933)	562,998		
Equity attributable to owners of the Company		657,686	1,360,617		
Non-controlling interests		(113,814)	(16,718)		
TOTAL EQUITY		<u>543,872</u>	<u>1,343,899</u>		

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 was Units 3601–3, 36/F, AIA Tower, 183 Electric Road, North Point. On 5 November 2018, the Company moved to Unit 502, 5/F., Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. 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 condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared on the historical cost basis and in accordance with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2015. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2016 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2015.

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

2. GOING CONCERN BASIS

The Group incurred a loss attributable to owners of the Company of approximately RMB697,979,000 for the period ended 30 June 2016 and there are certain issues on Guangfa bank accounts of the Group concerning approximately RMB449,524,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

These condensed consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the financial support of the shareholder, at a level sufficient to finance the working capital requirements of the Group. The shareholder has agreed to provide adequate funds for the Group to meet its liabilities as they fall due. The directors are therefore of the opinion that it is appropriate to prepare the condensed consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the condensed consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities respectively.

3. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the interim period, the Group has adopted all the new and revised International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting period beginning on 1 January 2016. 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 condensed consolidated financial statements and amounts reported for the current period and prior periods.

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.

4. SEGMENT INFORMATION

The Group has 3 mines in Nantaizi, Shirengou and Luotuochang in Inner Mongolia, the People’s Republic of China (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 makers (“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 Inner Mongolia 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 revenue, profit or loss, assets and liabilities:

	Ore processing plant in Nantaizi <i>RMB'000</i>	Ore processing plant in Luotuochang <i>RMB'000</i>	Exploration of gold mines <i>RMB'000</i>	Total <i>RMB'000</i>
For the six months ended 30 June 2016				
(Unaudited)				
Revenue from external customers	228,186	—	—	228,186
Segment loss before tax	(101,961)	(59,537)	(607,673)	(769,171)

As at 30 June 2016 (Unaudited)

Segment assets	<u>9,222</u>	<u>123</u>	<u>11,794</u>	<u>21,139</u>
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	Ore processing plant in Nantaizi <i>RMB'000</i>	Ore processing plant in Luotuochang <i>RMB'000</i>	Exploration of gold mines <i>RMB'000</i>	Total <i>RMB'000</i>
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For the six months ended 30 June 2015

(Unaudited)				
Revenue from external customers	189,431	527	—	189,958
Segment profit/(loss) before tax	3,447	(4,547)	(22,112)	(23,212)

As at 31 December 2015 (Audited)

Segment assets	<u>94,273</u>	<u>80,562</u>	<u>602,542</u>	<u>777,377</u>
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Reconciliations of reportable segment profit or loss:

	For the six months ended	For the six months ended
	30 June 2016	30 June 2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Profit or loss		
Total loss of reportable segments	(769,171)	(23,212)
Unallocated other income	25,946	7,889
Unallocated corporate expenses	(23,572)	(16,417)
Unallocated other expenses	<u>(2,471)</u>	<u>(237)</u>
Consolidated loss before tax	<u>(769,268)</u>	<u>(31,977)</u>

5. LOSS BEFORE TAX

For the six months ended	
30 June 2016	30 June 2015
RMB'000	RMB'000
(Unaudited)	(Unaudited)

The Group's loss before tax is stated after charging the followings:

Amortisation of prepaid land lease payments	31	31
Depreciation of property, plant and equipment	3,005	2,536
Equity-settled share-based payment expenses (included in administrative expenses)	—	2,499
Exchange loss (included in other expenses)	—	237
Impairment losses on mining rights	6,368	—
Impairment losses on property, plant and equipment	150,116	14,693
Impairment losses on exploration and evaluation assets	603,284	21,361
Impairment losses on prepaid lease payments	2,615	—
Written off of other receivables	6,896	—

and after crediting the followings:

Bank interest income (included in other income)	2,035	7,925
Exchange gain (included in other income)	<u>18,959</u>	<u>—</u>

Included in other income is an aggregate amount of approximately RMB35,893,000 (six months ended 30 June 2015: RMB25,802,000) representing 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 has been charged on the sale of gold concentrates.

6. INCOME TAX EXPENSE

For the six months ended	
30 June 2016	30 June 2015
RMB'000	RMB'000
(Unaudited)	(Audited)

Deferred tax expenses	<u>25,807</u>	<u>—</u>
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No provision for Hong Kong Profits Tax is required since the Group's income is derived from non-Hong Kong sources which is not subject 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% (six months ended 30 June 2015: 25%).

7. LOSS PER SHARE

The calculation of basic loss per share is based on the following:

	For the six months ended	
	30 June 2016	30 June 2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	<u>(697,979)</u>	<u>(28,720)</u>
Number of shares		
Weighted average number of ordinary shares, used in basic loss per share calculation	<u>908,786,213</u>	<u>908,786,213</u>
Diluted loss per share		

The effects of all potential ordinary shares are anti-dilutive for the six-month periods ended 30 June 2016 and 2015.

8. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2016	31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Prepayments, deposits and other receivables	12,458	22,724
Trade receivables	<u>—</u>	<u>640</u>
	<u>12,458</u>	<u>23,364</u>

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

	As at	
	30 June 2016	31 December 2015
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
0 to 90 days	<u>—</u>	<u>640</u>

The average credit period granted to the Group's customers is 90 days (31 December 2015: 90 days). All the balances of trade receivables are denominated in RMB.

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 the Chifeng Municipality, Inner Mongolia, namely, Shirengou Gold Mine and Nantaizi Gold Mine which are adjacent to each other and form one operating segment of the Group. The mining permit and the safety production permit for Shirengou Gold Mine are valid until August 2020 and February 2021, respectively. The mining permit, the exploration permit and the safety production permit for Nantaizi Gold Mine are valid until November 2019, June 2020 and February 2021, respectively. Production at Shirengou Gold Mine and Nantaizi Gold Mine has been suspended since mid 2016.

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 former Board decided in July 2014 to suspend the mining activities there. The mining permit and the safety production permit for Luotuochang Gold Mine are valid until January 2020 and December 2020, respectively.

For six months ended 30 June 2016, the revenue, cost of sales and gross loss was information related to former management of the Group and as the operations, mining and exploration, have been suspended, no further relevant activities related to the former management continue to occur following the current management took control of the Group. The current Board took control of the management of the Group in late 2016. There is limited information and documents available to the current Board for the preparation of the 2016 financial information of the Group.

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

As at the date of this announcement, the Group also owns Gaotaizi Gold Mine in Inner Mongolia and Yandan Gold Mine and two other smaller gold mines in Guangxi. None of these mines are currently in production.

The mining permit and safety production permit for Gaotaizi Gold Mine expired in February 2019 and March 2019, respectively and the Group has filed an application for the renewal of the mining permit and safety production permit in January 2019.

For the gold mines in Guangxi, the exploration permit for Yandan Gold Mine is valid until November 2020. The Group is in the process of renewing the exploration permit for each of Bayan Gold Mine and Yunpanshan Gold Mine which expired in January 2019. The Group has suspended its exploration at these gold mines.

Prospects

In view of the current situation of the Group, in particular the status of the mines owned by the Group, the Company is committed to identify suitable acquisition targets with sufficient level of operations or have assets of sufficient value to meet the requirements for continued listing of the shares under the Listing Rules.

By leveraging on the experience of our management in mining operations and strong connections in the industry, we are confident that we can identify suitable acquisition targets in due course which can meet our requirements as well as the requirements of the regulators for the purpose of seeking resumption of trading in our shares so as to maximize the interests of both the Company and its shareholders as a whole.

We are committed to strengthening the corporate governance of the Group, and leading the Company out of the current difficulties and creating value for shareholders of the Company as a whole.

Financial Review

For the six months ended 30 June 2016, the revenue, cost of sales and gross loss was information related to former management of the Group and as the operations, mining and exploration had been suspended, no further relevant activities related to the former management continue to occur following the current management took control of the Group. The current Board took control of the management of the Group in late 2016. There is limited information and documents available to the current Board for the preparation of the 2016 financial information of the Group and the following review was made on this basis.

Revenue

The unaudited revenue of the Group increased from approximately RMB190.0 million for the six months ended 30 June 2015 to approximately RMB228.2 million for the same period in 2016. When the current Board took control of the management of the Group in late 2016, the operations, mining and exploration activities had been suspended.

Cost of sales

Cost of sales was approximately RMB257.8 million for the six months ended 30 June 2016, increased from approximately RMB196.6 million for the same period in 2015. Cost of sales primarily included cost of raw materials consumed, subcontracting fees, auxiliary material costs, electricity costs, environmental protection fees and production safety fees. For the six months ended 30 June 2016, our cost of sales accounted for approximately 113.0% of our total revenue, increased from approximately 103.5% for the same period in 2015.

Gross loss and gross margin

As a result of the foregoing, gross loss was approximately RMB29.6 million (six months ended 30 June 2015: RMB6.6 million) and gross margin was approximately -13.0% (six months ended 30 June 2015: -3.5%) for the six months ended 30 June 2016.

Other income

Other income increased from approximately RMB33.7 million for the six months ended 30 June 2015 to approximately RMB61.8 million for the same period in 2016.

Other income for the six months ended 30 June 2016 consisted mainly of government subsidies of approximately RMB35.9 million, exchange gain of approximately RMB19.0 million, gain on share options lapsed of approximately RMB4.9 million and bank interest income of approximately RMB2.0 million.

Other income for the six months ended 30 June 2015 consisted mainly of government subsidies of approximately RMB25.8 million and bank interest income of approximately RMB7.9 million.

Administrative expenses

Administrative expenses increased from approximately RMB22.8 million for the six months ended 30 June 2015 to approximately RMB31.8 million for the same period in 2016.

The administrative expenses for the six months ended 30 June 2016 primarily consisted of salaries paid and payable to, and benefits for, our administrative and management staff of approximately RMB12.8 million (six months ended 30 June 2015: RMB8.9 million) and professional fees of approximately RMB9.2 million (six months ended 30 June 2015: RMB5.6 million).

Other expenses

Other expenses increased from approximately RMB36.3 million for the six months ended 30 June 2015 to approximately RMB769.3 million for the same period in 2016.

Other expenses for the six months ended 30 June 2016 primarily consisted of impairment losses on property, plant and equipment of approximately RMB150.1 million and impairment losses on exploration and evaluation assets of approximately RMB603.3 million.

Other expenses for the six months ended 30 June 2015 consisted of impairment losses on property, plant and equipment of approximately RMB14.7 million and on exploration and evaluation assets of approximately RMB21.4 million.

Income tax expense

Tax expenses was approximately RMB25.8 million for six-month period ended 30 June 2016, representing primarily income tax on taxable profits produced by the companies of the Group in the PRC, less any tax losses brought forward from prior years, the net amount being taxed at the PRC's Enterprise Income Tax rate of 25%.

No provision for Hong Kong Profits Tax is required since the Company's income is derived from non-Hong Kong sources which is not subject to Hong Kong Profits Tax.

Loss and total comprehensive loss for the period attributable to owners

Loss and total comprehensive loss attributable to owners of the Company for the six months ended 30 June 2016 was approximately RMB698.0 million (six months ended 30 June 2015: RMB28.7 million).

Cash flows

Cash and cash equivalents decreased by approximately RMB100.6 million from approximately RMB782.4 million as at 31 December 2015 to approximately RMB681.8 million as at 30 June 2016.

Approximately RMB119.5 million was used in operating activities for the six months ended 30 June 2016. Net cash used in operating activities was the net cash flow relating to cash outflow in respect of loss 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 RMB25.2 million for the six months ended 30 June 2016, of which approximately RMB21.8 million related to the cash outflow in respect of the additions of property, plant and equipment and approximately RMB3.4 million related to the cash outflow in respect of the additions of exploration and evaluation assets.

Net cash generated from financing activities amounted to approximately RMB7.3 million for the six months ended 30 June 2016, of which approximately RMB0.4 million related to the cash outflow in respect of the loan interest payment, partially being offset by the cash inflow of approximately RMB7.7 million related to the short-term borrowings.

Borrowings

As at 30 June 2016, the short-term borrowings was approximately RMB7.7 million (31 December 2015: nil). Gearing, being total interest-bearing debt divided by total assets, was approximately 0.01 as at 30 June 2016 (31 December 2015: nil).

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 relevant expenses) were approximately HKD569.3 million.

As at 30 June 2016, the net proceeds from IPO had been utilized in the following manner:

	Future acquisition of gold resources in		Expanding exploration activities			
	Inner Mongolia <i>HKD million</i>	Other regions <i>HKD million</i>	Exploration activities <i>HKD million</i>	Facilitating actual production <i>HKD million</i>	Capital expenditures at existing gold mines <i>HKD million</i>	General corporate purpose <i>HKD million</i>
Planned amount per Prospectus	<u>20.9</u>	<u>158.8</u>	<u>72.3</u>	<u>35.6</u>	<u>170.3</u>	<u>11.3</u>
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	<u>(25.4)</u>	<u>(192.7)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(13.7)</u>
Balance as at 31 December 2010	—	—	87.7	43.2	206.6	—
Amount utilized from 1 January to 25 February 2011	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance as at 25 February 2011	—	—	87.7	43.2	206.6	—
Change of proposed use of the unutilized net proceeds	<u>—</u>	<u>337.5</u>	<u>(87.7)</u>	<u>(43.2)</u>	<u>(206.6)</u>	<u>—</u>
Balance after change of proposed use	—	337.5	—	—	—	—
Amount utilized from 25 February 2011 to 30 June 2016	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance as at 30 June 2016	<u>—</u>	<u>337.5</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

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 six months ended 30 June 2016, the Group invested approximately RMB21.8 million mainly in the construction of mining structures, property, plant and equipment at the mines in operation and for maintenance, and the capital expenditure (including exploration expenditure) incurred for Gaotaizi Gold Mine amounted to approximately RMB3.4 million.

For the six months ended 30 June 2015, the Group invested approximately RMB15.8 million mainly in the construction of mining structures, property, plant and equipment at the mines in operation, and the capital expenditure (including exploration expenditure) incurred for Yantang-Yandan Mining Complex amounted to approximately RMB21.4 million.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2016 and 31 December 2015.

Capital commitment

As at 30 June 2016, the Group had capital commitment of capital expenditure contracted for but not provided in the condensed consolidated financial statements of approximately RMB278.1 million (31 December 2015: RMB278.1 million) in respect of exploration projects.

Financial instruments

The Company did not have any hedging contracts or financial derivatives subsisting as at 30 June 2016 and 31 December 2015.

Segment analysis

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

Employees and emoluments policy

As at 30 June 2016, the number of employees of the Group was 371 (31 December 2015: 298). For the six months ended 30 June 2016, the staff cost (including directors' remuneration in the form of salaries, equity-settled share-based payment expenses and other allowances but excluding sub-contracting labour cost) was approximately RMB12.8 million (six months ended 30 June 2015: RMB15.6 million).

The Group's emolument policies are formulated based 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.

Dividend

No interim dividend was recommended by the Board for the six-month periods ended 30 June 2016 and 2015.

Foreign Exchange 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 six months ended 30 June 2016, the Group had bank balances that were denominated in foreign currencies which exposed the Group to foreign currency risks. The Group was mainly exposed to the fluctuation of Hong Kong dollars. 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 six months ended 30 June 2016.

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 the directors of the Company who are in office as at the date of this announcement and was in office as at 30 June 2016, the Board confirmed that they have complied with the required standard of dealings as set out in the Model Code during the six months ended 30 June 2016.

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 six months ended 30 June 2016 (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 deviations set out below.

Code Provision A.5.1

Code Provision A.5.1 of the CG Code provides that issuers should establish a nomination committee which is chaired by the chairman of the board or an independent non-executive director and comprises a majority of independent non-executive directors.

Prior to the annual general meeting held on 30 June 2016 (the “**2016 AGM**”), the Nomination and Remuneration Committee of the Company comprised Mr. Zhao Enguang, Mr. Li Xiaoping and Mr. Yang Yicheng, the then independent non-executive directors of the Company. As each of Mr. Zhao Enguang, Mr. Li Xiaoping and Mr. Yang Yicheng were not re-elected at the 2016 AGM, each of them ceased to be a director of the Company and a member of the Nomination and Remuneration Committee of the Company at the conclusion of the 2016 AGM. Therefore, there were no member on the Nomination and Remuneration Committee of the Company from the conclusion of the 2016 AGM till the appointment of new independent non-executive directors of the Company and members to the Nomination and Remuneration Committee of the Company on 30 September 2016, constituting a deviation from Code Provision A.5.1 of the CG Code.

Code Provision C.1.2

Code provision C.1.2 of the CG Code provides that management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer’s performance, position and prospects in sufficient details to enable the board as a whole and each director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules. During the Reporting Period, management did not provide the board with monthly updates required under Code Provision C.1.2 of the CG Code. The Board notes that activities of the Group, both mining and exploration have been suspended and the Group has not been conducting any operational or business activities. The Board has been updated regularly in relation to the status of the mines and corporate activities and announcements are made by the Company regularly to inform the market. As such, the management did not provide updates to the full Board on a monthly basis.

Important events after the Reporting Period

For details of the important events affecting the Group which have occurred since the end of the Reporting Period, please refer to the paragraphs headed “The status of China Guangfa Bank Accounts of the Group” and “The status of changes of legal representatives of subsidiaries in the PRC” in the annual results announcement of the Company for the year ended 31 December 2017 published on 2 August 2019.

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 unaudited interim results of the Group for the six months ended 30 June 2016 have been reviewed by the Audit and Risk Management Committee (comprising Ms. Zhang Hui (the Chairman), Mr. Liu Aiguo and Ms. Wang Xu as at the date of this announcement).

Publication of the Unaudited Interim Results and 2016 Interim Report on the websites of the Stock Exchange and the Company

This interim results announcement is published on the HKExnews website of the Stock Exchange (<http://www.hkexnews.hk>) and the Company's website (<http://www.realgoldmining.com>), and the 2016 Interim 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 has been suspended since 27 May 2011. On 31 July 2018, the Company announced that as the shares of the Company would have been suspended from trading on the Stock Exchange for more than 12 months as at the effective date of the delisting framework under the Listing Rules which came into effect on 1 August 2018 (the "**Effective Date**"), the Stock Exchange may cancel the Company's listing if trading in the shares of the Company remains suspended for 12 continuous months from the Effective Date. This 12-month period expired on 31 July 2019. The Listing Department of the Stock Exchange may recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing. The Stock Exchange has the right to impose a shorter specific remedial period under Rule 6.10 of the Listing Rules where appropriate. Details of the resumption conditions have been set out in the announcement of the Company dated 30 March 2012.

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

Hong Kong, 2 August 2019

As at the date of this announcement, the executive directors are Mr. Lu Chunxiang (Chairman), Mr. Li Feng, Mr. Ren Yancheng, Mr. Guo Honggang and Mr. Kirk Vincent Wiedemer; and the independent non-executive directors are Mr. Liu Aiguo, Ms. Zhang Hui and Ms. Wang Xu.