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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 2017

Financial Highlights

For the six months ended 30 June 2017, the Group's revenue amounted to nil (six months ended 30 June 2016: RMB228.2 million).

For the six months ended 30 June 2017, loss and total comprehensive loss attributable to owners of the Company was approximately RMB48.2 million (six months ended 30 June 2016: RMB698.0 million).

For the six months ended 30 June 2017, the basic loss per share amounted to approximately RMB5.30 cents (six months ended 30 June 2016: RMB76.80 cents).

No interim dividend was recommended by the Board for the six-month periods ended 30 June 2017 and 2016.

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 2017, together with the comparative figures for the corresponding period in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	For the six months ended	
		30 June 2017	30 June 2016
		<i>RMB'000</i>	<i>RMB'000</i>
		(Unaudited)	(Unaudited)
Revenue	4	—	228,186
Cost of sales		—	(257,785)
Gross loss		—	(29,599)
Other income		271	61,839
Administrative expenses		(26,297)	(31,806)
Other expenses	5	(20,998)	(769,279)
Loss from operations		(47,024)	(768,845)
Finance cost		(1,699)	(423)
Loss before tax	5	(48,723)	(769,268)
Income tax expense	6	—	(25,807)
Loss and total comprehensive loss for the period		<u>(48,723)</u>	<u>(795,075)</u>
Loss and total comprehensive loss for the period attributable to:			
Owners of the Company		(48,183)	(697,979)
Non-controlling interests		(540)	(97,096)
		<u>(48,723)</u>	<u>(795,075)</u>
Loss per share			
Basic	7	<u>(RMB5.30 cents)</u>	<u>(RMB76.80 cents)</u>
Diluted	7	<u>N/A</u>	<u>N/A</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2017 <i>RMB'000</i> (Unaudited)	31 December 2016 <i>RMB'000</i> (Audited)
Non-current assets		
Property, plant and equipment	108	165
Exploration and evaluation assets	<u>—</u>	<u>—</u>
	108	165
Current assets		
Prepayment, deposits and other receivables	5,783	4,660
Bank and cash balances	<u>647,814</u>	<u>674,083</u>
	653,597	678,743
Current liabilities		
Other payables	137,733	114,293
Short-term borrowings	13,990	13,910
Current tax liabilities	<u>915</u>	<u>915</u>
	152,638	129,118
Net current assets	<u>500,959</u>	<u>549,625</u>
Total assets less current liabilities	<u>501,067</u>	<u>549,790</u>
Non-current liabilities		
Provision for restoration cost	9,094	9,094
Deferred tax liabilities	<u>16,724</u>	<u>16,724</u>
	25,818	25,818
NET ASSETS	<u><u>475,249</u></u>	<u><u>523,972</u></u>
Capital and reserves		
Share capital	797,619	797,619
Reserves	<u>(205,698)</u>	<u>(157,515)</u>
Equity attributable to owners of the Company	591,921	640,104
Non-controlling interests	<u>(116,672)</u>	<u>(116,132)</u>
TOTAL EQUITY	<u><u>475,249</u></u>	<u><u>523,972</u></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 2017 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 2016. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2017 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016.

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 RMB48,183,000 for the period ended 30 June 2017 and there are certain issues on Guangfa bank accounts of the Group concerning approximately RMB456,493,000. 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 2017. 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 2017				
(Unaudited)				
Segment loss before tax	(5,290)	(643)	(2,123)	(8,056)
As at 30 June 2017 (Unaudited)				
Segment assets	<u>3,649</u>	<u>50</u>	<u>4,244</u>	<u>7,943</u>

	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 six months ended 30 June 2016				
(Unaudited)				
Revenue from external customers	228,186	—	—	228,186
Segment loss before tax	(101,961)	(59,357)	(607,673)	(769,171)
As at 31 December 2016 (Audited)				
Segment assets	<u>3,762</u>	<u>139</u>	<u>4,171</u>	<u>8,072</u>

Reconciliations of reportable segment profit or loss:

	For the six months ended	
	30 June 2017	30 June 2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit or loss		
Total loss of reportable segments	(8,056)	(769,171)
Unallocated other income	271	25,946
Unallocated corporate expenses	(21,611)	(23,572)
Unallocated other expenses	<u>(19,327)</u>	<u>(2,471)</u>
Consolidated loss before tax	<u>(48,723)</u>	<u>(769,268)</u>

5. LOSS BEFORE TAX

	For the six months ended	
	30 June 2017	30 June 2016
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>The Group's loss before tax is stated after charging the followings:</i>		
Amortisation of prepaid land lease payments	—	31
Depreciation of property, plant and equipment	52	3,005
Exchange loss (included in other expenses)	19,327	—
Impairment losses on mining rights	—	6,368
Impairment losses on property, plant and equipment	1,671	150,116
Impairment losses on exploration and evaluation assets	—	603,284
Impairment losses on prepaid lease payments	—	2,615
Written off of other receivables	—	6,896
<i>and after crediting the followings:</i>		
Bank interest income (included in other income)	271	2,035
Exchange gain (included in other income)	<u>—</u>	<u>18,959</u>

Included in other income is an aggregate amount of nil (six months ended 30 June 2016: RMB35,893,000) 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 2017	30 June 2016
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)
Deferred tax expenses	<u>—</u>	<u>25,807</u>

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 2016: 25%).

7. LOSS PER SHARE

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

	For the six months ended	
	30 June 2017	30 June 2016
	<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>(48,183)</u>	<u>(697,979)</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.

No diluted loss per share is presented as the Company did not have any dilutive potential ordinary sharing for the six-month periods ended 30 June 2017.

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.

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.

The status of China Guangfa Bank Accounts of the Group

As announced by the Company on 31 March 2017 that the Company was advised by China Guangfa Bank (Huizhou Branch) (the “**Bank**”) that operations of bank accounts in the name of the Company and Rich Vision Holdings Limited (“**Rich Vision**”), a wholly owned subsidiary of the Company, was suspended because the Bank has received verbal notice from the local public security bureau that it was looking into whether the Company and the subsidiary were connected with Qiaoxing which was under investigation. Based on the records of the Group, as of 31 December 2016 those bank accounts had approximately RMB600 million cash deposits, in addition to approximately RMB200 million held with other banks.

On or around 16 March 2017, the Company received bank statements from the Bank for the Company's bank accounts maintained at such bank for the month ended 30 November 2016 ("**November Bank Statement**") and for the month ended 31 December 2016 ("**December Bank Statement**"). Consistent with the Company's internal records, the November Bank Statement showed that the Company had, *inter alia*, fixed deposits of HK\$200,000,000 ("**Fixed Deposits**"). However, such Fixed Deposit was not shown in the December Bank Statement. The Board made internal enquiries and confirmed that the Company had not authorised or procured the drawing of the Fixed Deposit from its bank accounts in December 2016. Therefore, the Board considered that it was possible the Bank might have made an error in the December Bank Statement. The Company made enquiries with the Bank about the said error but to no avail. The Company therefore sought assistance from its legal advisors in the PRC who demanded the Bank to explain the status of the Fixed Deposit. In addition, according to the Group's accounting records, Rich Vision has fixed deposits of HK\$317,000,000 held with the Bank ("**Rich Vision Fixed Deposits**").

On 6 June 2017, the Company issued a letter of complaint to the China Banking Regulatory Commission ("**CBRC**") against the Bank in respect of the suspension of operations of bank accounts of the Company and Rich Vision, the Fixed Deposit of the Company and the Rich Vision Fixed Deposits. As at 30 June 2017, no formal response has been received by the Company.

For details of the status of China Guangfa Bank Accounts of the Group since the end of the Reporting Period, please refer to the annual results announcement of the Company for the year ended 31 December 2018 published on 2 August 2019.

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

Revenue

The unaudited revenue of the Group significant decreased from approximately RMB228.2 million for the six months ended 30 June 2016 to nil for the same period in 2017. 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 nil for the six months ended 30 June 2017, significant decreased from approximately RMB257.8 million for the same period in 2016, mainly due to the suspension of the mining activities at Shirengou Gold Mine and Nantaizi Gold Mine since mid 2016.

Gross loss and gross margin

As a result of the foregoing, gross loss was nil (six months ended 30 June 2016: RMB29.6 million) and gross margin was nil (six months ended 30 June 2016: -13.0%) for the six months ended 30 June 2017.

Other income

Other income decreased from approximately RMB61.8 million for the six months ended 30 June 2016 to approximately RMB0.3 million for the same period in 2017.

Other income for the six months ended 30 June 2017 consisted mainly of bank interest income of approximately RMB0.3 million.

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 lapsed share options of approximately RMB4.9 million and bank interest income of approximately RMB2.0 million.

Administrative expenses

Administrative expenses decreased from approximately RMB31.8 million for the six months ended 30 June 2016 to approximately RMB26.3 million for the same period in 2017.

The administrative expenses for the six months ended 30 June 2017 primarily consisted of salaries paid and payable to, and benefits for, our administrative and management staff of approximately RMB17.2 million (six months ended 30 June 2016: RMB12.8 million) and professional fees of approximately RMB3.5 million (six months ended 30 June 2016: RMB9.2 million).

Other expenses

Other expenses decreased from approximately RMB769.3 million for the six months ended 30 June 2016 to approximately RMB21.0 million for the same period in 2017.

Other expenses for the six months ended 30 June 2017 primarily consisted of exchange loss of approximately RMB19.3 million and impairment losses on property, plant and equipment of approximately RMB1.7 million.

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.

Income tax expense

Tax expenses was nil for six-month period ended 30 June 2017 (six months ended 30 June 2016: approximately RMB25.8 million).

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 2017 was approximately RMB48.2 million (six months ended 30 June 2016: RMB698.0 million).

Cash flows

Cash and cash equivalents decreased by approximately RMB26.3 million from approximately RMB674.1 million as at 31 December 2016 to approximately RMB647.8 million as at 30 June 2017.

Approximately RMB22.9 million was used in operating activities for the six months ended 30 June 2017. 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.

Net cash used in investing activities amounted to approximately RMB1.7 million for the six months ended 30 June 2017, of which approximately RMB1.7 million related to the cash outflow in respect of the additions of property, plant and equipment.

Net cash used in financing activities amounted to approximately RMB1.6 million for the six months ended 30 June 2017, of which approximately RMB1.7 million related to the cash outflow in respect of the loan interest payment, partially being offset by the cash inflow of approximately RMB0.1 million related to the short-term borrowings.

Borrowings

As at 30 June 2017, the short-term borrowings was approximately RMB14.0 million (31 December 2016: RMB13.9 million). Gearing, being total interest-bearing debt divided by total assets, was 0.02 as at 30 June 2017 (31 December 2016: 0.02).

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 2017, the net proceeds from IPO had been utilized in the following manner:

	Future acquisition of gold resources in		Expanding exploration activities			
	Inner Mongolia HKD million	Other regions HKD million	Exploration activities HKD million	Facilitating actual production HKD million	Capital expenditures at existing gold mines HKD million	General corporate purpose HKD million
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 2017	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balance as at 30 June 2017	<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 2017, the Group invested approximately RMB1.7 million mainly in the construction of mining structures, property, plant and equipment at the mines for maintenance.

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 for maintenance, and the capital expenditure (including exploration expenditure) incurred for Gaotaizi Gold Mine amounted to approximately RMB3.4 million.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2017 and 31 December 2016.

Capital commitment

As at 30 June 2017, the Group did not have capital commitment of capital expenditure contracted for but not provided in the condensed consolidated financial statements (31 December 2016: nil).

Financial instruments

The Company did not have any hedging contracts or financial derivatives subsisting as at 30 June 2017 and 31 December 2016.

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 2017, the number of employees of the Group was 153 (31 December 2016: 395). For the six months ended 30 June 2017, the staff cost (including directors' remuneration in the form of salaries and other allowances but excluding sub-contracting labour cost) was approximately RMB17.2 million (six months ended 30 June 2016: RMB12.8 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 2017 and 2016.

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 2017, 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 2017.

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 2017, 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 2017.

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 2017 (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.1.3

Code Provision A.1.3 of the CG Code requires that notice of at least 14 days should be given of a regular board meeting to give all directors an opportunity to attend. During the Reporting Period, certain regular Board meetings were convened with less than 14 days' notice in order to discuss certain urgent businesses in a timely manner and the shorter notice period was consented to by the directors each time. Notwithstanding the aforesaid, the Board will use its best endeavor to comply with Code Provision A.1.3 of the CG Code in the future.

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. During the Reporting Period, the Company made the following update announcements: 31 March 2017 and 23 May 2017.

Important event after the Reporting Period

For details of the important event affecting the Group which have occurred since the end of the Reporting Period, please refer to the paragraph headed "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 2017 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 2017 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 2017 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.