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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2018

Financial Highlights

For the six months ended 30 June 2018 and 2017, the Group's revenue amounted to nil.

For the six months ended 30 June 2018, loss and total comprehensive loss attributable to owners of the Company was approximately RMB31.6 million (six months ended 30 June 2017: RMB48.2 million).

For the six months ended 30 June 2018, the basic loss per share amounted to approximately RMB3.48 cents (six months ended 30 June 2017: RMB5.30 cents).

No interim dividend was recommended by the Board for the six-month periods ended 30 June 2018 and 2017.

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 2018, together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended	
		30 June 2018	30 June 2017
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue		**—**	—
Other income		**3,896**	—
Interest revenue		**8**	271
Administrative expenses		**(25,547)**	(26,297)
Other expenses		**(7,735)**	(20,998)
Loss from operations		**(29,378)**	(47,024)
Finance cost		**(3,072)**	(1,699)
Loss before tax	*5*	**(32,450)**	(48,723)
Income tax expense	*6*	**—**	—
Loss and total comprehensive loss for the period		**(32,450)**	(48,723)
Loss and total comprehensive loss for the period attributable to:			
Owners of the Company		**(31,610)**	(48,183)
Non-controlling interests		**(840)**	(540)
		(32,450)	(48,723)
Loss per share			
Basic	*7*	**(RMB3.48 cents)**	(RMB5.30 cents)
Diluted	*7*	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2018 *RMB'000* (Unaudited)	As at 31 December 2017 *RMB'000* (Audited)
Non-current assets		
Property, plant and equipment	**118**	159
Exploration and evaluation assets	**—**	—
	118	159
Current assets		
Prepayment, deposits and other receivables	**10,839**	5,568
Bank and cash balances	**553,717**	571,163
	564,556	576,731
Current liabilities		
Other payables	**136,906**	107,452
Short-term borrowings	**14,020**	23,240
Current tax liabilities	**915**	915
	151,841	131,607
Net current assets	**412,715**	445,124
Total assets less current liabilities	**412,833**	445,283
Non-current liabilities		
Provision for restoration cost	**9,094**	9,094
Deferred tax liabilities	**16,724**	16,724
	25,818	25,818
NET ASSETS	**387,015**	419,465
Capital and reserves		
Share capital	**797,619**	797,619
Reserves	**(292,684)**	(261,074)
Equity attributable to owners of the Company	**504,935**	536,545
Non-controlling interests	**(117,920)**	(117,080)
TOTAL EQUITY	**387,015**	419,465

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 2018 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 2017. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2018 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except as stated below:

(a) Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified as financial assets at amortised cost.

(b) Financial assets at amortised cost

Financial assets (including trade and other receivables) are classified under this category if they satisfy both of the following conditions:

— the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

— the contractual terms of the assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

(c) Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost, debt investments at fair value through other comprehensive income, contract assets, lease receivables, financial guarantee contracts and loan commitments. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("**lifetime expected credit losses**") for trade receivables, contract assets and lease receivables, or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables, contract assets and lease receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

(d) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

— the customer simultaneously receives and consumes the benefits provided by the Group's performance;

— the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

— the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

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 RMB31,610,000 for the period ended 30 June 2018 and there are certain issues on Guangfa bank accounts of the Group concerning approximately RMB452,419,000. 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 2018. 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	**Ore processing plant in Luotuochang**	**Exploration of gold mines**	**Total**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
For the six months ended 30 June 2018 (Unaudited)				
Segment loss before tax	**(8,999)**	**(154)**	**(16,839)**	**(25,992)**
As at 30 June 2018 (Unaudited)				
Segment assets	**3,276**	**82**	**380**	**3,738**

	Ore processing plant in Nantaizi	Ore processing plant in Luotuochang	Exploration of gold mines	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
For the six months ended 30 June 2017 (Unaudited)				
Segment loss before tax	(5,290)	(643)	(2,123)	(8,056)
As at 31 December 2017 (Audited)				
Segment assets	2,913	47	3,907	6,867

Reconciliations of reportable segment profit or loss:

	For the six months ended	
	30 June 2018	30 June 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit or loss		
Total loss of reportable segments	**(25,992)**	(8,056)
Unallocated other income and interest revenue	**3,904**	271
Unallocated corporate expenses	**(10,362)**	(21,611)
Unallocated other expenses	**—**	(19,327)
Consolidated loss before tax	**(32,450)**	(48,723)

5. LOSS BEFORE TAX

	For the six months ended	
	30 June 2018	30 June 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The Group's loss before tax is stated after charging the followings:		
Depreciation of property, plant and equipment	**41**	52
Exchange loss (included in other expenses)	**—**	19,327
Impairment losses on property, plant and equipment	**7,735**	1,671
and after crediting the followings:		
Bank interest income (included in other income)	**8**	271
Exchange gain (included in other income)	**3,896**	—

6. INCOME TAX EXPENSE

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 2017: 25%).

7. LOSS PER SHARE

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

	For the six months ended	
	30 June 2018	30 June 2017
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	**(31,610)**	(48,183)
Number of shares		
Weighted average number of ordinary shares, used in basic loss per share calculation	**908,786,213**	908,786,213

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the six-month periods ended 30 June 2018 and 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

Reference is made to the announcements of the Company dated 23 May 2017, 21 August 2017, 15 September 2017, 6 December 2017, 2 March 2018, 29 March 2018, 4 May 2018 and 12 June 2018. Unless otherwise specified, capitalised terms used in this section shall have the same meaning as those defined in the announcement of the Company dated 23 May 2017.

The Company had communicated with the Huizhou Police and was informed that the Huizhou Police was not responsible for freezing or sealing any fixed deposits from the bank accounts of the Company and Rich Vision.

As advised by its PRC legal advisers, the Group submitted two civil writs of action against Guangfa Bank in respect of the Fixed Deposit and the Rich Vision Fixed Deposit respectively at the People's Court of Yuexiu District in Guangzhou (the "**Yuexiu Court**"). The Yuexiu Court suggested the Group should commence civil proceedings against Guangfa Bank for reinstatement of accounts only. However, as the Group was unable to confirm the authenticity of any alleged pledge agreement(s) submitted by Guangfa Bank to the CBRC asserting the existence or validity of any pledge over the Fixed Deposit and the Rich Vision Fixed Deposit with Guangfa Bank, the Group commenced civil proceedings against Guangfa Bank for infringement of rights as one of its causes of action.

In response to the two civil actions commenced by the Group against Guangfa Bank at the Yuexiu Court, Guangfa Bank filed an application to challenge jurisdiction, which was dismissed by the Yuexiu Court (the "**Dismissal Ruling**"). Guangfa Bank then indicated that it intended to appeal the Dismissal Ruling when the Dismissal Ruling was served on Guangfa Bank. As the Guangzhou Intermediate People's Court received the appeal application from Guangfa Bank but the Company had not yet been served with the appeal application, the hearings originally scheduled on 7 June 2018 were therefore cancelled.

After the appeal application for the Dismissal Ruling on the Group was served, the Group submitted a response to the appeal application to the Guangzhou Intermediate People's Court. The appeal application was subsequently dismissed.

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.

The status of changes of legal representatives of subsidiaries in the PRC

Reference is made to the announcements of the Company dated 21 August 2017, 6 December 2017, 15 January 2018, 2 March 2018, 4 May 2018 and 12 June 2018.

The Company continues to take steps to effect changes of the legal representatives of two remaining subsidiaries, namely, Fubon and Fuqiao. Please refer to the Company's announcements dated 21 August 2017 and 6 December 2017 for details relating to the investigation by the Huizhou Police and the freezing of the entire shares in Fubon, and the consequent impediment on the progress of effecting changes of legal representatives of Fubon and Fuqiao. The Group would apply to the Huizhou branch of the SAIC to register the change in legal representative of Fubon in due course.

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 and Cost of sales

As the production at Shirengou Gold Mine, Nantaizi Gold Mine and Luotuochang Gold Mine was suspended, no operation, revenue nor cost of sales was recorded during the six months ended 30 June 2018 and 2017.

Other income

Other income increased from nil for the six months ended 30 June 2017 to approximately RMB3.9 million for the same period in 2018, which consisted of exchange gains.

Administrative expenses

Administrative expenses decreased from approximately RMB26.3 million for the six months ended 30 June 2017 to approximately RMB25.5 million for the same period in 2018.

The administrative expenses for the six months ended 30 June 2018 primarily consisted of salaries paid and payable to, and benefits for, our administrative and management staff of approximately RMB10.0 million (six months ended 30 June 2017: RMB17.2 million) and professional fees of approximately RMB3.1 million (six months ended 30 June 2017: RMB3.5 million).

Other expenses

Other expenses decreased from approximately RMB21.0 million for the six months ended 30 June 2017 to approximately RMB7.7 million for the same period in 2018.

Other expenses for the six months ended 30 June 2018 consisted of impairment losses on property, plant and equipment of approximately RMB7.7 million.

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.

Income tax expense

No income tax expenses for the six-month periods ended 30 June 2018 and 2017.

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 RMB31.6 million (six months ended 30 June 2017: RMB48.2 million).

Cash flows

Cash and cash equivalents decreased by approximately RMB17.4 million from approximately RMB571.2 million as at 31 December 2017 to approximately RMB553.7 million as at 30 June 2018.

Approximately RMB2.6 million was generated from operating activities for the six months ended 30 June 2018. Net cash generated from operating activities was the cash inflow in respect of profits before tax adjusted for items not involving movement of cash and the decrease in working capital under operating activities.

Net cash used in investing activities amounted to approximately RMB7.7 million for the six months ended 30 June 2018, of which approximately RMB7.7 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 RMB12.3 million for the six months ended 30 June 2018, of which approximately RMB3.1 million related to the cash outflow in respect of the loan interest payment, and approximately RMB12.8 million related to the cash outflow in respect of the repayment of short-term borrowings, partially being offset by the cash inflow of approximately RMB3.6 million related to the short-term borrowings

Borrowings

As at 30 June 2018, the short-term borrowings was approximately RMB14.0 million (31 December 2017: approximately RMB23.2 million). Gearing, being total interest-bearing debt divided by total assets, was 0.03 as at 30 June 2017 (31 December 2017: 0.04).

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 2018, the net proceeds from 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 30 June 2018	—	—	—	—	—	—
Balance as at 30 June 2018	—	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 six months ended 30 June 2018, the Group invested approximately RMB7.7 million mainly in the construction of mining structures, property, plant and equipment at the mines for maintenance (six months ended 30 June 2017: RMB1.7 million).

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2018 and 31 December 2017.

Capital commitment

As at 30 June 2018 and 2017, the Group did not have capital commitment of capital expenditure contracted for but not provided in the condensed consolidated financial statements.

Financial instruments

The Company did not have any hedging contracts or financial derivatives subsisting as at 30 June 2018 and 31 December 2017.

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 2018, the number of employees of the Group was 106 (31 December 2017: 182). For the six months ended 30 June 2018, the staff cost (including directors' remuneration in the form of salaries and other allowances but excluding sub-contracting labour cost) was approximately RMB10.0 million (six months ended 30 June 2017: RMB17.2 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 2018 and 2017.

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 2018, 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 2018.

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 2018, 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 2018.

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 2018 (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: 15 January 2018, 2 March 2018, 29 March 2018, 4 May 2018 and 12 June 2018.

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 2018 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 2018 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 2018 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.