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 2019

Financial Highlights

For the six months ended 30 June 2019 and 2018, the Group's revenue amounted to nil.

For the six months ended 30 June 2019, loss and total comprehensive loss attributable to owners of the Company was approximately RMB33.9 million (six months ended 30 June 2018: RMB31.6 million).

For the six months ended 30 June 2019, the basic loss per share amounted to approximately RMB3.73 cents (six months ended 30 June 2018: RMB3.48 cents).

No interim dividend was recommended by the Board for the six-month periods ended 30 June 2019 and 2018.

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 2019, together with the comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		For the six months ended	
		30 June 2019	30 June 2018
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue		**—**	—
Other income		**5,072**	3,896
Interest revenue		**9**	8
Administrative expenses		**(35,585)**	(25,547)
Other expenses		**(28)**	(7,735)
Loss from operations		**(30,532)**	(29,378)
Finance costs		**(3,835)**	(3,072)
Loss before tax	*5*	**(34,367)**	(32,450)
Income tax expense	*6*	**—**	—
Loss and total comprehensive loss for the period		**(34,367)**	(32,450)
Loss and total comprehensive loss for the period attributable to:			
Owners of the Company		**(33,891)**	(31,610)
Non-controlling interests		**(476)**	(840)
		(34,367)	(32,450)
Loss per share			
Basic	*7*	**(RMB3.73 cents)**	(RMB3.48 cents)
Diluted	*7*	**N/A**	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at	
	30 June 2019	31 December 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Non-current assets		
Property, plant and equipment	**472**	512
Right-of-use assets	**5,262**	—
Exploration and evaluation assets	**—**	—
	5,734	512
Current assets		
Prepayment, deposits and other receivables	**11,983**	6,858
Bank and cash balances	**513,191**	544,810
	525,174	551,668
Current liabilities		
Other payables	**143,505**	134,715
Short-term borrowings	**19,710**	20,710
Current tax liabilities	**915**	915
Lease liabilities	**3,456**	—
	167,586	156,340
Net current assets	**357,588**	395,328
Total assets less current liabilities	**363,322**	395,840
Non-current liabilities		
Lease liabilities	**1,849**	—
Provision for restoration cost	**9,094**	9,094
Deferred tax liabilities	**16,724**	16,724
	27,667	25,818
NET ASSETS	**335,655**	370,022
Capital and reserves		
Share capital	**797,619**	797,619
Reserves	**(343,180)**	(309,289)
Equity attributable to owners of the Company	**454,439**	488,330
Non-controlling interests	**(118,784)**	(118,308)
TOTAL EQUITY	**335,655**	370,022

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 is 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 2019 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 2018. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except as stated below:

Leases

The Group as lessee

Leases are recognized as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rates are as follows:

Land and building	1–3 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognized as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below USD5,000.

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 RMB33,891,000 for the six months ended 30 June 2019 and there are certain issues on Guangfa bank accounts of the Group concerning approximately RMB462,668,000. 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 realize 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 2019. 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 except as stated below.

The Group has adopted IFRS 16 "Leases" from 1 January 2019, but has not restated comparative for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognized in the opening statement of financial position on 1 January 2019.

(a) Adjustments recognized on adoption of IFRS 16 "Leases"

On adoption of IFRS 16 "Leases", the Group recognized lease liabilities in relation to leases which had previously been classified as "operating leases" under the principles of IAS 17 "Leases". These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.9%.

In applying IFRS 16 "Leases" for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 "Leases" and IFRIC 4" Determining whether an Arrangement contains a Lease".

As a lessee, the Group's leases are mainly rentals of offices. The right-of-use assets were measured at the amount equal to the lease liability and there were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application. The following table shows the adjustments recognized for each individual line item. Line items that were not affected by the changes have not been included.

Condensed consolidated statement of financial position (extract)	**Carrying amount as at 31 December 2018**	**Impacts of adoption of IFRS 16 "Leases"**	**Carrying amount as at 1 January 2019**
	RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS			
Right-of-use assets	—	3,948	3,948
CURRENT LIABILITIES			
Lease liabilities	—	2,311	2,311
NON-CURRENT LIABILITY			
Lease liabilities	—	1,637	1,637

(b) The reconciliation of operating lease commitments to lease liabilities:

	RMB'000
Operating lease commitments disclosed as at 31 December 2018	4,105
Discounting	(157)
Lease liabilities discounted at relevant incremental borrowing rates at 1 January 2019	3,948

Analyzed as:	*RMB'000*
Current	2,311
Non-current	1,637
	3,948

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 *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 2019 (Unaudited)				
Segment profit/(loss) before tax	**(444)**	**1,744**	**(1,657)**	**(357)**
As at 30 June 2019 (Unaudited)				
Segment assets	**786**	**51**	**115**	**952**

	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 2018 (Unaudited)				
Segment loss before tax	(8,999)	(154)	(16,839)	(25,992)
As at 31 December 2018 (Audited)				
Segment assets	145	114	64	323

Reconciliations of reportable segment profit or loss:

	For the six months ended	
	30 June 2019	30 June 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit or loss		
Total loss of reportable segments	**(357)**	(25,992)
Unallocated other income and interest revenue	**1,535**	3,904
Unallocated corporate expenses	**(35,545)**	(10,362)
Consolidated loss before tax	**(34,367)**	(32,450)

5. LOSS BEFORE TAX

	For the six months ended	
	30 June 2019	30 June 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
The Group's loss before tax is stated after charging the followings:		
Depreciation of right-of-use assets	**1,628**	—
Depreciation of property, plant and equipment	**58**	41
Impairment losses on property, plant and equipment	**28**	7,735
and after crediting the followings:		
Bank interest income	**9**	8
Recovery of bad debts of other receivables (included in other income)	**3,546**	—
Exchange gain (included in other income)	**1,526**	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 2018: 25%).

7. LOSS PER SHARE

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

	For the six months ended	
	30 June 2019	30 June 2018
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	**(33,891)**	(31,610)
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 2019 and 2018.

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 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 each of such permits 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 activities 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, 12 June 2018, 4 July 2018, 31 July 2018, 31 October 2018, 31 January 2019, 29 April 2019 and 31 July 2019. Capitalised terms used in this section shall have the same meaning as those defined in the announcement of the Company dated 23 May 2017.

A hearing was held by the Yuexiu Court on 7 January 2019 in respect of the two civil actions commenced by the Group against Guangfa Bank, but no ruling was made by the court which required further evidence to be submitted.

A second hearing was held by the Yuexiu Court on 10 June 2019 in respect of each of the two civil actions, but no ruling was made by the court which ordered further evidence to be submitted. According to the evidence submitted by Guangfa Bank, Guangfa Bank exercised its rights under the alleged pledge agreement(s) to foreclose the Fixed Deposit of the Company in its entirety in the amount of HKD200,000,000 and HKD307,000,000 out of the HKD317,000,000 Rich Vision Fixed Deposit, following the expiry of the term of such alleged pledge agreement(s) and in addition, the local police has frozen HKD10,000,000 of the Rich Vision Fixed Deposit in connection with the ongoing investigation against Mr. Wu Ruilin and his related companies. Guangfa Bank was ordered by the Yuexiu Court to provide such alleged pledge agreement(s) but it has not yet complied as at the date of this announcement. The two cases are still in the discovery stage.

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, 12 June 2018, 4 July 2018 and 31 July 2018, 31 January 2019, 29 April 2019 and 31 July 2019. Capitalised terms used in this section shall have the same meaning as those defined in the announcement of the Company dated 21 August 2017.

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.

Important event after the Reporting Period

Save as disclosed in this announcement, the directors are not aware of any important events affecting the Group which have occurred since 30 June 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 and Cost of sales

As the exploration and production activities at all mines of the Group was suspended, no operation, revenue nor cost of sales was recorded during the six months ended 30 June 2019 and 2018.

Other income

Other income increased from RMB3.9 million for the six months ended 30 June 2018 to approximately RMB5.1 million for the same period in 2019.

Other income for the six months ended 30 June 2019 consisted of recovery of bad debts of other receivables of RMB3.6 million and exchange gains of approximately RMB1.5 million.

Other income for the six months ended 30 June 2018 consisted of exchange gains of approximately RMB3.9 million.

Administrative expenses

Administrative expenses increased from approximately RMB25.5 million for the six months ended 30 June 2018 to approximately RMB35.6 million for the same period in 2019.

The administrative expenses for the six months ended 30 June 2019 primarily consisted of salaries paid and payable to, and benefits for, our administrative and management staff of approximately RMB11.3 million (six months ended 30 June 2018: RMB10.0 million) and professional fees of approximately RMB6.4 million (six months ended 30 June 2018: RMB3.1 million).

Other expenses

Other expenses decreased from approximately RMB7.7 million for the six months ended 30 June 2018 to approximately RMB28,000 for the same period in 2019, which consisted of impairment losses on property, plant and equipment.

Finance costs

Finance costs increased from RMB3.1 million for the six months ended 30 June 2018 to approximately RMB3.8 million for the same period in 2019.

Finance costs for the six months ended 30 June 2019 consisted of interest expenses on lease liabilities of approximately RMB0.1 million and interest expenses for the short-term borrowings of approximately RMB3.7 million.

Finance costs for the six months ended 30 June 2018 consisted of interest expenses for the short-term borrowings of approximately RMB3.1 million.

Income tax expense

No income tax expenses for the six-month periods ended 30 June 2019 and 2018.

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 2019 was approximately RMB33.9 million (six months ended 30 June 2018: RMB31.6 million).

Cash flows

Cash and cash equivalents decreased by approximately RMB31.6 million from approximately RMB544.8 million as at 31 December 2018 to approximately RMB513.2 million as at 30 June 2019.

Approximately RMB25.3 million was used in operating activities for the six months ended 30 June 2019. 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 RMB46,000 for the six months ended 30 June 2019, all of which related to the cash outflow in respect of the additions of property, plant and equipment.

Net cash used in financing activities amounted to approximately RMB6.3 million for the six months ended 30 June 2019, of which approximately RMB3.7 million related to the cash outflow in respect of the loan interest payment, approximately RMB1.6 million related to the cash outflow in respect of repayment of lease liabilities and approximately RMB2.3 million related to the cash outflow in respect of the repayment of short-term borrowings, partially being offset by the cash inflow of approximately RMB1.3 million related to the short-term borrowings

Borrowings

As at 30 June 2019, the amount of short-term borrowings was approximately RMB19.7 million (31 December 2018: approximately RMB20.7 million). Gearing, being total interest-bearing debt divided by total assets, was approximately 0.04 as at 30 June 2019 (31 December 2018: 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 2019, 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 2019	—	—	—	—	—	—
Balance as at 30 June 2019	—	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 2019, the Group invested approximately RMB46,000 mainly in the construction of mining structures, property, plant and equipment at the mines for maintenance (six months ended 30 June 2018: RMB7.7 million).

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2019 and 31 December 2018.

Capital commitment

As at 30 June 2019 and 2018, 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 2019 and 31 December 2018.

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 2019, the number of employees of the Group was 95 (31 December 2018: 110). For the six months ended 30 June 2019, the staff cost (including directors' remuneration in the form of salaries and other allowances but excluding sub-contracting labour cost) was approximately RMB11.6 million (six months ended 30 June 2018: RMB10.0 million).

The Group's emolument policies (including the emolument policies for its directors) 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 adopted a share option scheme for its employees but such scheme lapsed with effect from 23 February 2019.

Dividends

No interim dividend was recommended by the Board for the six-month periods ended 30 June 2019 and 2018.

Foreign Exchange Risk

The Group is exposed 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 2019, 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 2019.

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 2019, 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 2019.

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 2019 (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.

As per the latest improved corporate governance practice of the Company, since August 2019, notice of regular board meetings has been dispatched to all directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all directors at least 3 days (or any other agreed date) before each board meeting or committee meeting to keep directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions.

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 activities, 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 update announcements on 31 January 2019, 29 April 2019 and 31 July 2019, respectively.

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 2019 have been reviewed by the Audit and Risk Management Committee.

Publication of the Unaudited Interim Results and 2019 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 2019 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 Company received a letter from the Stock Exchange on 28 August 2019 whereby the Stock Exchange stated, among other things, that after consultation with the Securities and Futures Commission, the Stock Exchange confirmed that notwithstanding the Company's failure to resume trading in its securities by 31 July 2019, the Stock Exchange will withhold exercising its right to cancel the listing of the Company under Rule 6.01A(2)(b)(ii) of the Listing Rules for three months, i.e. until 31 October 2019. The Stock Exchange has also stated for the avoidance of doubt that their confirmation is without prejudice to the Stock Exchange exercising its right under Rule 6.01A of the Listing Rules immediately after the expiry of such three-month period and all other rights under the Listing Rules. Details of the resumption conditions and the update in resumption deadline have been set out in the announcements of the Company dated 30 March 2012 and 29 August 2019, respectively.

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

Hong Kong, 30 August 2019

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