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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)**

### **ANNOUNCEMENT PURSUANT TO RULE 13.09 OF THE LISTING RULES AND THE INSIDE INFORMATION PROVISIONS**

This announcement is made by Real Gold Mining Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Future Ordinance.

#### **IRREGULAR PLEDGING ACTIVITIES**

In March 2013, the Company discovered that Rich Vision Holdings Limited (“**Rich Vision**”), a wholly-owned subsidiary of the Company had pledged, on 18 occasions, certain bank deposits of Rich Vision to Ping An Bank, Shenzhen Shuibeiizhubao branch, People’s Republic of China (“**Ping An Bank**”) during the period from 8 May 2012 to 8 January 2013 (the “**Pledges**”) in the following manner:

- (i) all of the Pledges were granted to the lender, Ping An Bank as securities for the borrowings of Huizhou Qiaoxing Telecom Industry Company, Limited (惠州僑興電訊工業有限公司) (“**Huizhou Qiaoxing**”);
- (ii) the highest total amount of banking facilities granted to Huizhou Qiaoxing was RMB228,650,000, and the highest total amount of bank deposits of Rich Vision pledged to Ping An Bank was HK\$317,270,000;

- (iii) all of the contracts of the Pledges were signed by Mr. Wu Hong You, the sole director of Rich Vision alone without the knowledge or consent of the Company's board of directors (the "**Board**"); and
- (iv) the existence of the Pledges was only discovered by the Hong Kong office of the Company in March 2013.

The Pledges and the discovery of the same by the Board are collectively referred to in this announcement as the "**Pledge Incident**".

## **THE BOARD'S VIEW OF THE PLEDGE INCIDENT AND FOLLOW-UP ACTIONS**

Certain executive directors of the Company were first made aware of the existence of the Pledges in March 2013. In April 2013 all the directors of the Company were formally informed in writing of the Pledge Incident. Upon discovery of the existence of the Pledges and after collecting and reviewing documentations relating to the Pledges, the Board is of the view that the Pledges constitute irregular pledging activities at the subsidiary level and took the following actions:

- (i) The Company engaged an independent PRC legal adviser, JunZeJun Law Offices (君澤君律師事務所) (the "**PRC Legal Adviser**") to investigate the directorship and shareholder information of Huizhou Qiaoxing. Based on the findings of the PRC Legal Adviser, 90% of Huizhou Qiaoxing's shareholding interest is held by an independent third party, while Mr. Wu Hong You has an indirect 4.85% shareholding interest in Huizhou Qiaoxing. The Company also notes that Mr. Wu Ruilin, a substantial shareholder of the Company, has an indirect 5.15% shareholding interest in Huizhou Qiaoxing.
- (ii) To the best knowledge and belief of the directors of the Company, the Pledges were not entered into in the ordinary course of business of the Company, nor did they confer any benefit to the Company and its subsidiaries (the "**Group**") or the shareholders as a whole of any of the companies in the Group. Such Pledges reflect deficiency in the internal controls of the Company and the Company has informed FTI Consulting (Hong Kong) Ltd. ("**FTI**") of the Pledge Incident. With reference to the Company's announcement dated 10 August 2012, FTI has been engaged to conduct forensic accounting investigations in fulfillment of part of the resumption conditions imposed on the Company by the Stock Exchange, and FTI's scope of work includes the review of the Company's internal controls in relation to certain previous pledging activities of the Group. The Company will consider FTI's recommendations to rectify internal control weaknesses in relation to the pledging activities of the Group when FTI completes the said investigations.
- (iii) The Company also engaged the PRC Legal Adviser to opine on the legality of the Pledges under PRC law. Pursuant to the PRC legal opinion issued by the PRC Legal Adviser, the Pledges were invalid under PRC Contract Law and the applicable PRC laws and regulations on foreign exchange administration.

- (iv) The Company has taken actions to procure the prompt release of the outstanding Pledges. The Board confirms that as at the date of this announcement, each and every of the Pledges has been released by Ping An Bank.
- (v) As an immediate measure to further strengthen our internal controls, we have changed the composition of the board of each of the Company's subsidiaries incorporated outside Mainland China, which now consists of either two executive directors of the Company or one executive director of the Company plus the company secretary of the Company. In the case of Rich Vision, Mr. Wu Hong You resigned on 24 April 2013 as the sole director of Rich Vision with effect from the same day. On the same day, Mr. Li Qing, an executive director of the Company, was appointed as the new director of Rich Vision with effect from the same day as replacement. On 10 May 2013, Mr. Cui Jie, an executive director of the Company, was appointed as the second director of Rich Vision with effect from the same day.
- (vi) Going forward, the Board will closely monitor the effectiveness of the internal control system of the Company so as to prevent the occurrence of any similar incident in the future.

The Company will make further announcements as and when appropriate to keep shareholders and the market informed of the latest development of the Pledge Incident.

Trading in the shares of the Company will remain suspended until further notice.

By order of the Board  
**Real Gold Mining Limited**  
**Lu Tianjun**  
*Chairman*

Chifeng City, Inner Mongolia, 23 May 2013

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