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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

FINANCIAL HIGHLIGHTS

The Group's revenue amounted to approximately RMB1,412.7 million for the year ended 31 December 2011, as compared to approximately RMB1,368.2 million for the year ended 31 December 2010.

Loss and total comprehensive loss attributable to owners of the Company for the year ended 31 December 2011 was approximately RMB758.4 million, as compared to approximately RMB798.0 million profit and total comprehensive income attributable to owners of the Company for the year ended 31 December 2010.

The basic loss per share amounted to approximately RMB83.45 cents for the year ended 31 December 2011, as compared to the basic earnings per share of approximately RMB95.15 cents for the year ended 31 December 2010.

No final dividend was recommended by the Board for the year ended 31 December 2011 (2010: HK$0.05 per share).

The board of directors (the "**Board**") of Real Gold Mining Limited (the "**Company**") announces the audited consolidated results of the Company and its subsidiaries (together the "**Group**") for the year ended 31 December 2011, which have been agreed by the auditor of the Company, and together with the comparative figures for the corresponding period in 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	2011 RMB'000	2010 RMB'000
Revenue	5	**1,412,736**	1,368,227
Cost of sales		**(340,266)**	(311,055)
Gross profit		**1,072,470**	1,057,172
Other income	6	**187,886**	156,857
Administrative expenses		**(105,900)**	(34,461)
Other expenses	7	**(1,630,903)**	(71,725)
(Loss)/Profit from operations		**(476,447)**	1,107,843
Loss on disposal of a subsidiary	15	**(69,343)**	—
(Loss)/Profit before tax		**(545,790)**	1,107,843
Income tax expense	8	**(307,691)**	(299,339)
(Loss)/Profit and total comprehensive (loss)/ income for the year	9	**(853,481)**	808,504
(Loss)/Profit and total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(758,360)**	798,044
Non-controlling interests		**(95,121)**	10,460
		(853,481)	808,504
(Loss)/Earnings per share			
Basic	11	**(RMB83.45 cents)**	RMB95.15 cents
Diluted	11	**(RMB83.45 cents)**	RMB94.79 cents

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December

	Notes	2011 RMB'000	2010 RMB'000
Non-current assets			
Property, plant and equipment		**1,500**	456,570
Mining rights		**—**	168,028
Exploration and evaluation assets		**480,170**	1,261,343
Prepaid land lease payments		**2,815**	5,834
Prepaid project payments	*12*	**364,166**	—
		848,651	1,891,775
Current assets			
Prepaid land lease payments		**62**	125
Loans to a shareholder	*13*	**256,360**	—
Inventories		**8,765**	7,676
Trade and other receivables	*14*	**48,866**	45,122
Bank and cash balances		**2,805,120**	2,965,187
		3,119,173	3,018,110
Current liabilities			
Other payables		**72,860**	61,325
Current tax liabilities		**22,782**	105,706
		95,642	167,031
Net current assets		**3,023,531**	2,851,079
Total assets less current liabilities		**3,872,182**	4,742,854
Non-current liabilities			
Provision for restoration cost		**9,094**	675
Deferred tax liabilities		**16,724**	16,724
		25,818	17,399
NET ASSETS		**3,846,364**	4,725,455
Capital and reserves			
Share capital		**797,619**	796,494
Reserves		**3,008,792**	3,793,887
Equity attributable to owners of the Company		**3,806,411**	4,590,381
Non-controlling interests		**39,953**	135,074
TOTAL EQUITY		**3,846,364**	4,725,455

NOTES

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 Units 3601–03, 36/F, AIA Tower, 183 Electric Road, North Point. 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 Company is an investment holding company. Its subsidiaries are principally engaged in exploration, mining and processing of gold ore and sale of concentrates in the People's Republic of China (the "**PRC**").

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

2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied all the new and revised standards, amendments and interpretations (hereinafter collectively referred to as "**new and revised IFRSs**") that are relevant to its operations and effective for its accounting year beginning on 1 January 2011. 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 consolidated financial statements and amounts reported for the current year and prior years.

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.

3. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards ("**IFRSs**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors to exercise their judgements in the process of applying the accounting policies.

4. SEGMENT INFORMATION

The Group has 3 operating mines in Nantaizi, Shirengou and Luotuochang in Inner Mongolia, 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 maker ("**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 Yunnan, Jiangxi 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 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 year ended 31 December 2011				
Revenue from external customers	**982,512**	**430,224**	**—**	**1,412,736**
Segment profit/(loss) before tax	**499,008**	**112,369**	**(948,583)**	**(337,206)**
Addition to non-current assets	**39,389**	**15,298**	**225,517**	**280,204**
Amortization of prepaid land lease payments	**91**	**34**	**—**	**125**
Amortization of mining rights	**9,879**	**1,797**	**—**	**11,676**
Depreciation of property, plant and equipment	**13,538**	**10,841**	**493**	**24,872**
Impairment losses on property, plant and equipment	**271,789**	**166,849**	**37,528**	**476,166**
Impairment losses on mining rights	**117,542**	**38,810**	**—**	**156,352**
Impairment losses on exploration and evaluation assets	**—**	**—**	**908,775**	**908,775**
Provision for restoration cost	**6,525**	**1,894**	**—**	**8,419**
Bank interest income	**207**	**85**	**2**	**294**
Income tax expense	**225,813**	**80,749**	**—**	**306,562**
As at 31 December 2011				
Segment assets	**21,743**	**13,243**	**482,029**	**517,015**
Segment liabilities	**76,560**	**38,410**	**240**	**115,210**

	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 year ended 31 December 2010				
Revenue from external customers	909,592	458,635	—	1,368,227
Segment profit/(loss) before tax	839,380	360,436	(2,421)	1,197,395
Addition to non-current assets	42,921	14,656	1,218,471	1,276,048
Amortization of prepaid land lease payments	90	35	—	125
Amortization of mining rights	10,493	1,893	—	12,386
Depreciation of property, plant and equipment	13,889	11,139	140	25,168
Bank interest income	147	75	—	222
Income tax expense	209,058	89,446	—	298,504
As at 31 December 2010				
Segment assets	409,995	221,700	1,310,587	1,942,282
Segment liabilities	123,279	58,686	41	182,006

Reconciliations of reportable segment revenue, profit or loss, assets and liabilities:

	2011	2010
	RMB'000	*RMB'000*
Revenue		
Total revenue of reportable segments and consolidated revenue	**1,412,736**	1,368,227
Profit or loss		
Total (loss)/profit of reportable segments	**(337,206)**	1,197,395
Unallocated other income	**23,199**	7,429
Unallocated corporate expenses	**(84,204)**	(25,256)
Unallocated other expenses	**(78,236)**	(71,725)
Loss on disposal of a subsidiary	**(69,343)**	—
Consolidated (loss)/profit before tax	**(545,790)**	1,107,843
Assets		
Total assets of reportable segments	**517,015**	1,942,282
Unallocated bank and cash balances	**2,804,536**	2,962,926
Unallocated prepaid project payments	**364,166**	—
Unallocated loans to a shareholder	**256,360**	—
Unallocated corporate assets	**25,747**	4,677
Consolidated total assets	**3,967,824**	4,909,885
Liabilities		
Total liabilities of reportable segments	**115,210**	182,006
Unallocated corporate liabilities	**6,250**	2,424
Consolidated total liabilities	**121,460**	184,430

Apart from the above, the totals of other material items disclosed in the segment information are the same as the consolidated totals.

Geographical information

(i) *Revenue from external customers*

For both years, all the revenue are derived from customers located in the PRC.

(ii) *Non-current assets*

	2011	2010
	RMB'000	*RMB'000*
Hong Kong	**1,458**	2,775
PRC	**847,193**	1,889,000
	848,651	1,891,775

In presenting the geographical information, revenue is based on the locations of the customers.

Information about major customers

		2011	2010
	Segment	***RMB'000***	*RMB'000*
Customer A	Ore processing plant in Nantaizi and Luotuochang	**135,473**	664,627
Customer B	Ore processing plant in Nantaizi	**—**	407,171
Customer C	Ore processing plant in Nantaizi and Luotuochang	**243,971**	169,729
Customer D	Ore processing plant in Nantaizi and Luotuochang	**408,577**	—
Customer E	Ore processing plant in Nantaizi	**456,434**	—

5. REVENUE

The Group's revenue which represents sales of goods to customers are as follows:

	2011	2010
	RMB'000	*RMB'000*
Products:		
— Gold	**967,013**	877,680
— Copper	**231,195**	296,519
— Other (Silver, Lead and Zinc)	**214,528**	194,028
	1,412,736	1,368,227

6. OTHER INCOME

	2011	2010
	RMB'000	*RMB'000*
Government subsidies	**164,392**	149,206
Interest income arising from loans to a shareholder	**14,129**	—
Bank interest income	**9,365**	7,651
	187,886	156,857

Government subsidies represent the benefit from 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 have been charged on the sale of gold concentrates.

7. OTHER EXPENSES

	2011	2010
	RMB'000	*RMB'000*
Exchange losses	**78, 234**	49,464
Consultancy expenses	**—**	22,261
Impairment losses on prepaid land lease payments	**2,957**	—
Impairment losses on property, plant and equipment	**476,166**	—
Impairment losses on mining rights	**156,352**	—
Impairment losses on exploration and evaluation assets	**908,775**	—
Provision for restoration cost	**8,419**	—
	1,630,903	71,725

Consultancy expenses mainly relates to consultancy service provided by independent professional firms for assessing the opportunities of exploration and evaluation projects.

8. INCOME TAX EXPENSE

	2011	2010
	RMB'000	*RMB'000*
Current tax — PRC Enterprise Income Tax ("**EIT**")		
— Current year	**307,535**	299,091
— Under-provision in prior years	**156**	248
	307,691	299,339

No provision for Hong Kong Profits Tax is required since the Group's income is derived from overseas sources which is not liable 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% (2010: 25%).

In addition, the Law of the PRC on EIT has imposed withholding tax upon the distribution of the profits earned by the PRC subsidiaries from 1 January 2008 onwards to their non-PRC shareholders. At 31 December 2011, the aggregate amount of temporary differences associated with retained earnings of the Group's PRC subsidiaries was approximately RMB855,933,000 (2010: RMB1,645,254,000). Deferred taxation has not been provided for in the consolidated financial statements in respect of these temporary differences attributable to retained profits of the Group's PRC subsidiaries amounting to approximately RMB688,694,000 (2010: RMB1,478,015,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The reconciliation between the income tax expense and the product of (loss)/profit before tax multiplied by the PRC EIT rate is as follows:

	2011	2010
	RMB'000	*RMB'000*
(Loss)/Profit before tax	**(545,790)**	1,107,843
Tax at applicable PRC EIT rate of 25% (2010: 25%)	**(136,448)**	276,961
Tax effect of income that is not taxable	**(8,201)**	(5,787)
Tax effect of expenses that are not deductible	**27,460**	15,627
Tax effect of temporary differences not recognized	**389,250**	—
Tax effect of tax losses not recognized	**35,474**	12,290
Under-provision in prior years	**156**	248
Income tax expense	**307,691**	299,339

9. (LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR

The Group's (loss)/profit and total comprehensive (loss)/income for the year is stated after charging the following:

	2011	2010
	RMB'000	*RMB'000*
Auditor's remuneration	**954**	1,481
Amortization of mining rights (included in cost of sales)	**11,676**	12,386
Amortization of prepaid land lease payments	**125**	125
Cost of inventories processed and sold	**322,964**	286,086
Depreciation of property, plant and equipment	**25,530**	25,755
Operating lease payments for rented premises	**2,574**	1,000
Staff costs including directors' emoluments		
— Salaries, bonus and allowances	**40,428**	14,273
— Equity-settled share-based payment expenses	**42,507**	8,233
— Retirement benefits scheme contributions	**5,779**	2,160
	88,714	24,666

10. DIVIDENDS

	2011	2010
	RMB'000	*RMB'000*
2011 Interim of HK$0.05 per ordinary share paid	**37,163**	—
2010 Final of HK$0.05 per ordinary share paid	**37,984**	—
	75,147	—

11. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculation of basic loss (2010: earnings) per share attributable to owners of the Company is based on the loss for the year attributable to owners of the Company of approximately RMB758,360,000 (2010: profit attributable to owners of the Company of approximately RMB798,044,000) and the weighted average number of ordinary shares of 908,775,000 (2010: 838,733,000) in issue during the year.

Diluted earnings per share

The effects of all potential ordinary shares are anti-dilutive for the year ended 31 December 2011.

The calculation of diluted earnings per share attributable to owners of the Company for the year ended 31 December 2010 is based on the profit for the year attributable to owners of the Company of approximately RMB798,044,000 and the weighted average number of ordinary shares of 841,899,000, being the weighted average number of ordinary shares of 838,733,000 in issue during 2010 used in the basic earnings per share calculation plus the weighted average number of ordinary shares of 3,166,000 assumed to have been issued at no consideration on the deemed exercise of the share options outstanding as at 31 December 2010.

12. PREPAID PROJECT PAYMENTS

During the first quarter of 2011, two acquisition agreements were entered into between the Company and Top Lucky Management Limited ("**Top Lucky**"), a company controlled by the then controlling shareholder of the Company Mr. Wu Ruilin ("**Mr. Wu**"), pursuant to which the Company agreed to purchase certain mining and exploration rights from Top Lucky in relation to two phosphorus mines situated in Khovsgol Province, Mongolia (the "**Acquisition**"), for a consideration of HK$520,000,000. HK$449,200,000 was paid by the Company in this respect. Under the terms of the two agreements relating to the Acquisition, the Company has the right to instruct an independent third party valuer which is acceptable to Top Lucky to value the Acquisition. If the value of the Acquisition is determined to be less than HK$520,000,000, then the Company has the right to terminate the Acquisition and it will be reimbursed the consideration already paid.

13. LOANS TO A SHAREHOLDER

On 23 February 2011, the Company entered into a loan agreement with Mr. Wu, for an unsecured loan to him of HK$367,000,000. The loan was repayable before 30 March 2012. Interest was charged at a rate based on the People's Bank of China lending rates and was payable with the repayment of the loan. A loan balance of approximately RMB256,360,000 was outstanding as at 31 December 2011.

On 6 April 2011, the Company entered into a loan agreement with Mr. Wu, for an unsecured loan to him of HK$538,000,000. The loan was wholly repaid on 8 April 2011.

On 6 April 2011, the Company entered into a loan agreement with Mr. Wu, for an unsecured loan to him of HK$50,000,000. The loan was wholly repaid on 29 April 2011.

The amount of the outstanding loan was unsecured, interest-bearing with an interest of 6.06% per annum. The settlement was completed in June 2014.

14. TRADE AND OTHER RECEIVABLES

	2011	2010
	RMB'000	*RMB'000*
Trade receivables	**22,289**	39,964
Prepayments, deposits and other receivables	**26,577**	5,158
	48,866	45,122

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

	2011	2010
	RMB'000	*RMB'000*
0 to 90 days	**22,289**	39,964

The average credit period granted to the Group's customers is 90 days (2010: 30 days). The balances of trade receivables were denominated in RMB.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer. Majority of the trade receivables that were neither past due nor impaired had no default payment history.

15. DISPOSAL OF A SUBSIDIARY

On 20 March 2011, the Group disposed of its 100% equity interests in Shangrao City Jinshi Mining Technology Development Limited* ("**Jinshi Mining**") (上饒市金石礦業科技開發有限公司) to independent third parties at a consideration of RMB37,000,000. The net assets of Jinshi Mining at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	7,997
Exploration and evaluation assets	97,915
Trade and other receivables	463
Bank and cash balances	271
Trade and other payables	(303)
Net assets disposed of	106,343
Loss on disposal of a subsidiary	(69,343)
Total consideration	37,000
Total consideration satisfied by:	
Cash	33,000
Deferred consideration	4,000
Total consideration	37,000
Net cash inflow arising on disposal	
Cash consideration obtained from disposal	33,000
Bank and cash balances disposed of	(271)
	32,729

16. EVENT AFTER THE REPORTING PERIOD

Chifeng Fuqiao Mining Co. Limited* (赤峰富僑礦業有限公司), being a subsidiary indirectly held and wholly owned by the Company, has taken over operational control of Inner Mongolia Siziwangqi Gaotai Mining Company Limited* (內蒙古四子王旗高台礦業有限責任公司), after acquiring its 70% equity interest from third parties who are independent of and not connected with the Company and its connected persons at a consideration of RMB59,500,000 in the first quarter of 2015.

* *For identification purpose only*

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

"Basis for qualified opinion

1. Opening balances and corresponding figures of a subsidiary

The financial statements of a subsidiary of the Company, Shangrao City Jinshi Mining Technology Development Limited* (上饒市金石礦業科技開發有限公司), for the year ended 31 December 2010 were not audited by us. There were no satisfactory audit procedures for us to ascertain the existence, accuracy, presentation and completeness of the opening balances and corresponding figures shown in the current year's consolidated financial statements as follows:

	As at 31 December 2011 *RMB'000*
Property, plant and equipment	8,094
Exploration and evaluation assets	90,575
Trade and other receivables	412
Bank and cash balances	370
Trade and other payables	39

2. Loss on disposal of a subsidiary

As described in note 30 to the consolidated financial statements, a subsidiary of the Company, Shangrao City Jinshi Mining Technology Development Limited* (上饒市金石礦業科技開發有限公司), was disposed of by the Group during the year. No sufficient evidence has been provided to satisfy ourselves as to the loss on disposal of a subsidiary of approximately RMB69,343,000 for the year ended 31 December 2011 as disclosed in note 30 to the consolidated financial statements.

Opinion

In our opinion, except for the possible effects of the matter as described in the basis for qualified opinion paragraph, the consolidated financial statements give a true and fair view of the state of the Group's affairs as at 31 December 2011, and of the Group's results and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance."

* *For identification purpose only*

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 operation in the Chifeng Municipality, Inner Mongolia, namely, Shirengou Gold Mine and Nantaizi Gold Mine. They are adjacent to each other, and the ore processing facility located at Nantaizi Gold Mine ("**Shirengou-Nantaizi Processing Plant**") processes ore from both Nantaizi Gold Mine and Shirengou Gold Mine. 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 Board decided in July 2014 to suspend the mining activities there. The ore processing facility located at Luotuochang Gold Mine ("**Luotuochang Processing Plant**") processed ore from Luotuochang Gold Mine when it was in operation.

On 2 January 2011 and 9 March 2011, the Company entered into an acquisition agreement and a supplemental agreement with Top Lucky for the Acquisition for a consideration of HK$520,000,000. For further details, please refer to the announcement of the Company dated 22 August 2011 and Note 12 to the Consolidated Statement of Financial Position of the Group for the year ended 31 December 2011 in this announcement. The Acquisition was brought to a halt as the Company was not satisfied that a reliable valuation basis could be relied upon to complete the Acquisition, and the consideration of HK$449,200,000 previously paid by the Company to Top Lucky was repaid to the Company by new debtors through debt restructuring (the "**Debt Restructuring**"). Further information relating to the Debt Restructuring was set out in the Company's circular dated 10 September 2012.

On 20 March 2011, the Group disposed of its 100% equity interests in Jinshi Mining to independent third parties at a consideration of RMB37,000,000 with the loss of disposal of a subsidiary in the consolidated income statement amounting to approximately RMB69,343,000.

Operation Review

	1H11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	2011	2010	YoY
Shirengou-Nantaizi Processing Plant										
Average Daily Capacity (t/day)	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	
Utilization Rate (%)	100.1	100.3	99.8	100.2	99.2	99.5	99.5	99.9	98.5	
Production Days (Days)	135.9	11.7	23.6	28.4	27.6	29.0	33.0	289.2	302.0	–4%
Ore Processed (kt)	201.2	17.4	34.9	42.1	40.5	42.7	48.6	427.4	440.3	–3%
Average Gold Grade (g/t)	9.2	8.7	8.2	8.2	8.2	7.7	7.8	8.6	9.0	–4%
Average Recovery Rate (%)	84.1	83.8	79.4	78.7	77.9	79.8	80.2	81.8	84.5	–3%
Payable Gold (koz)	50.2	4.1	7.3	8.8	8.3	8.4	9.8	96.9	107.8	–10%
Equivalent Gold (koz)	66.7	5.5	9.3	10.8	10.3	10.5	12.2	125.2	141.3	–11%
Luotuochang Processing Plant										
Average Daily Capacity (t/day)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	
Utilization Rate (%)	99.1	100.0	101.4	100.0	100.8	100.0	100.9	99.9	99.3	
Production Days (Days)	136.6	12.6	25.7	23.9	29.7	30.1	36.0	294.5	308.3	–4%
Ore Processed (kt)	148.8	13.9	28.7	26.3	32.9	33.1	40.0	323.7	336.6	–4%
Average Gold Grade (g/t)	3.0	2.9	2.8	2.8	2.9	2.9	3.0	2.9	3.0	–2%
Average Recovery Rate (%)	86.6	85.8	85.5	86.1	86.1	86.0	86.2	86.2	86.5	—
Payable Gold (koz)	12.5	1.1	2.2	2.0	2.7	2.6	3.3	26.5	28.3	–6%
Equivalent Gold (koz)	29.6	2.4	4.5	3.9	4.9	4.8	6.0	56.1	70.8	–21%
Total Payable Gold (koz)	**62.7**	**5.2**	**9.5**	**10.8**	**11.0**	**11.0**	**13.1**	**123.4**	**136.1**	**–9%**
Total Produced Equivalent Gold (koz)	**96.3**	**7.9**	**13.8**	**14.7**	**15.2**	**15.3**	**18.2**	**181.3**	**212.1**	**–15%**

The reduction in production days at the Shirengou-Nantaizi Processing Plant and Luotuochang Processing Plant was mainly the result of a temporary suspension requested by local authorities in June and July 2011 for an internal safety review of all mining operations within the region of Chifeng City, Inner Mongolia.

Operational conditions of the Shirengou-Nantaizi Processing Plant

The total amount of ore processed for the year ended 31 December 2011 was approximately 427,400 tonnes, representing a decrease of approximately 3% from the year of 2010, as a result of fewer production days.

The average gold grade for the year ended 31 December 2011 was approximately 8.6 grams per tonne, and the average recovery rate was around 81.8%.

The total production of payable gold and equivalent gold for the year ended 31 December 2011 was approximately 96,900 ounces and 125,200 ounces respectively, representing a decrease of approximately 10% and 11% respectively from the year of 2010.

Operational conditions of the Luotuochang Processing Plant

The total amount of ore processed for the year ended 31 December 2011 was approximately 323,700 tonnes, representing a decrease of approximately 4% from the year of 2010, as a result of fewer production days.

The average gold grade for the year ended 31 December 2011 was approximately 2.9 grams per tonne, and the average recovery rate was approximately 86.2%.

The total production of payable gold and equivalent gold for the year ended 31 December 2011 was approximately 26,500 ounces and 56,100 ounces respectively, representing a decrease of approximately 6% and 21% respectively from the year of 2010.

As announced in the Company's announcement dated 19 August 2014, the Board has decided in July 2014 to suspend the mining activities at Luotuochang Gold Mine and the operation of Luotuochang Processing Plant.

Overall, the Company produced approximately 123,400 ounces of payable gold and approximately 181,300 ounces of equivalent gold for the year ended 31 December 2011, representing a decrease of approximately 9% and 15% respectively from the year of 2010.

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

As mentioned in the Company's announcement dated 6 May 2015, Chifeng Fuqiao, being a subsidiary indirectly held and wholly owned by the Company, has in the first quarter of 2015 acquired 70% of the equity interest of Gaotai Mining, which owns Gaotaizi Gold Mine in Inner Mongolia. There is currently no production at the Gaotaizi Gold Mine. The Company is carrying out exploration activities in the deeper and the outer parts of the mine in preparation for expansion of production capacity in the future.

As at the date of this announcement, the Company also owns Yandan Gold Mine, Yantang Gold Mine and nine other smaller gold mines in Guangxi.

The Company is still in the process of applying for the mining permits for Yandan Gold Mine in Guangxi in accordance with the requisite procedure.

For Yantang Gold Mine and two smaller gold mines in Guangxi, some ore reserves have been indicated by geological surveys. Relevant work is being carried out before the Company starts to apply for the mining permits.

The Company will consider abandoning the remaining seven smaller gold mines in Guangxi in due course and will make announcement in this regard as and when required.

Resources/Reserves

The following is a statement of Resources/Reserves (as defined under Rule 18.01 of the Listing Rules) of the Group as at 31 December 2011:

Subsidiary	**% owned by the Company**	**Mine**	**Quantity of gold Resources/ Reserves** *(koz)*	**Resources/ Reserves**	**Reporting standard**	**Categories**	**Gold Grade** *(g/tonne)*
Shirengou	100.00%	Shirengou	624	Resources	*Note*	*Note*	10.20
Nantaizi	100.00%	Nantaizi	1,299	Resources	*Note*	*Note*	10.70
Guotao	100.00%	Luotuochang	140	Resources	*Note*	*Note*	4.90
Yunnan Gudao	95.00%	Yangchangbian	132	Reserves	PRC	333 + 334	2.90
Yuanyi Mining	100.00%	Yantang	66	Resources	PRC	332 + 333	1.41
Guangxi Jinding	78.57%	Yandan	611	Resources	PRC	332 +333	1.45
Guangxi Jinding	78.57%	the other 12 mines	243	Resources	PRC	332 +333 + 334	N/A

Note: The 2011 resources are based on the "as-mined" tonnes and grade, as well as the tonnes and grade reported in the JORC compliant 2015 Runge Pincock Minarco's report. The 2011 resources are not JORC compliant.

Prospects

The Company considers identification and acquisition of gold mines to be its core competence and growth by acquisition of gold mines to be its key corporate strategy. We will keep looking for potential merger and acquisition opportunities, in particular the gold mines with existing operations. By leveraging on our stable management team with extensive experience in gold mining operations, we will be able to strengthen the competitiveness of the Group and maximize the interests of both the Company and its shareholders. We are committed to strengthen the corporate governance of the Group, and will continue to facilitate the resumption of trading of the Company in the course of the coming months, leading the Company to a bright future and create the greatest possible value for all shareholders of the Company.

Financial Review

Revenue

The revenue of the Group increased from approximately RMB1,368.2 million for the year ended 31 December 2010 to approximately RMB1,412.7 million for the year ended 31 December 2011. The increase was the net result of the favorable and unfavorable factors set out below. Favorable factor was mainly the increases in the average prices of gold while unfavorable factors were fewer production days, lower gold grade, as well as lower average recovery rate.

Cost of sales

Cost of sales was approximately RMB340.2 million for the year ended 31 December 2011, increased from approximately RMB311.1 million for the same period of 2010 and primarily included cost of raw materials consumed, subcontracting fees, auxiliary material costs, electricity costs, depreciation and amortization, environmental protection fees and production safety fees. For the year ended 31 December 2011, our cost of sales accounted for approximately 24.1% of our total revenue, increasing from approximately 22.7% for the same period of 2010, mainly owing to the increase in mining labour costs.

Gross profit and gross margin

As a result of the foregoing, gross profit was approximately RMB1,072.5 million and gross margin was approximately 75.9% for the year ended 31 December 2011. For the year ended 31 December 2010, gross profit was approximately RMB1,057.2 million and gross margin was approximately 77.3%.

Other income

Other income increased from approximately RMB156.8 million for the year ended 31 December 2010 to approximately RMB187.9 million for the year ended 31 December 2011.

Other income for the year ended 31 December 2011 consisted mainly of government subsidies of approximately RMB164.4 million, interest income arising from loans to a shareholder of approximately RMB14.1 million and bank interest income of approximately RMB9.4 million.

The primary source of other income for the year ended 31 December 2010 was government subsidies of approximately RMB149.2 million and bank interest income of approximately RMB7.6 million.

The government subsidies were in the form of a benefit from tax concession granted to us by the PRC government to encourage the development of the gold industry.

Administrative expenses

Administrative expenses increased from approximately RMB34.5 million for the year ended 31 December 2010 to approximately RMB105.9 million for the year ended 31 December 2011.

The administrative expenses for the year ended 31 December 2011 primarily represented equity-settled share-based payment expenses of approximately RMB42.5 million (2010: RMB8.2 million), salaries paid and payable to, and benefits for, our administrative and management staff of approximately RMB30.2 million (2010: RMB7.2 million) and professional fees of approximately RMB19.1 million (2010: RMB5.8 million).

Equity-settled share-based payment expenses increased from approximately RMB8.2 million for the year ended 31 December 2010 to approximately RMB42.5 million for the year ended 31 December 2011 mainly because of a new grant of share options in 2011. Administrative and management staff costs increased mainly as the result of provisions made in 2011 for social security insurance for staff for 2011 and prior years. Professional fees increased as more consultancy fee was incurred in 2011 for assistance in dealing with additional regulatory enquiries received.

Other Expenses

Other expenses increased from approximately RMB71.7 million for the year ended 31 December 2010 to approximately RMB1,630.9 million for the year ended 31 December 2011.

Other expenses for the year ended 31 December 2011 primarily represented impairment losses on exploration and evaluation assets of approximately RMB908.8 million, impairment losses on property, plant and equipment of approximately RMB476.2 million and impairment losses on mining rights of approximately RMB156.4 million as well as exchange losses of approximately RMB78.2 million. Impairment losses were recognized as the investments in exploration and evaluation assets, property, plant and equipment and mining rights were not expected to provide the required return.

Other expenses for the year ended 31 December 2010 represented primarily fees for consultancy service provided by independent professional firms for assessing the opportunities of exploration and evaluation projects of approximately RMB22.2 million and exchange losses of approximately RMB49.5 million.

Exchange difference arose primarily from the translation and the settlement of monetary items such as bank balances, prepaid project payments and loans receivable, which were denominated in currencies other than RMB. Exchange losses increased as Hong Kong dollars ("**HKD**") and United States dollars depreciated more in 2011 than in 2010 against RMB.

Tax expenses

Tax expenses were approximately RMB307.7 million and RMB299.3 million for the years ended 31 December 2011 and 2010 respectively, representing income tax on the profit generated from the gold mines, less any tax losses brought forward from prior years, the net amount being taxed at the PRC's EIT rate of 25%.

(Loss)/Profit and total comprehensive (loss)/income for the year attributable to owners

Loss and total comprehensive loss attributable to owners of the Company for the year ended 31 December 2011 was approximately RMB758.4 million compared to approximately RMB798.0 million profit and total comprehensive income attributable to owners of the Company for the year ended 31 December 2010.

Cash flows

For the two years ended 31 December 2011 and 2010, we principally engaged in the exploration, mining and processing of gold ore and sale of concentrates in the PRC.

Our liquidity requirements relate to funding working capital, capital expenditures, acquisition of exploration and mining rights and maintaining cash reserves for future acquisitions. Our capital requirements include construction of mine shafts and the expansion of the ore processing facilities. We plan to fund acquisition of exploration and mining rights, capital expenditures and working capital with cash from operating activities, existing bank and cash balances, net proceeds from the initial public offering ("**IPO**") of the Company's shares in accordance with the purposes for which they are intended to be used, proceeds from the exercise of share options by directors and employees and proceeds from the issue of new shares. We may also finance our working capital, if needed, using a combination of short-term and long-term bank borrowings.

Cash and cash equivalents decreased in the amount of approximately RMB160.1 million from approximately RMB2,965.2 million as at 31 December 2010 to approximately RMB2,805.1 million as at 31 December 2011.

Approximately RMB776.1 million was generated from operating activities for the year ended 31 December 2011. Net cash from operating activities was the net cash flow relating to cash inflow in respect of profit before tax adjusted for items not involving movement of cash, cash inflow in respect of the decrease in working capital under operating activities and cash outflow in respect of income tax paid.

Net cash used in investing activities amounted to approximately RMB868.0 million for the year ended 31 December 2011, consisting of cash outflow of approximately RMB364.2 million related to the prepaid project, cash outflow of approximately RMB256.4 million related to the loan to Mr. Wu, cash outflow of approximately RMB225.5 million related to the additions of exploration and evaluation assets and cash outflow of approximately RMB54.7 million related to the additions of property, plant and equipment, partially being offset by the cash inflow of approximately RMB32.7 million related to the disposal of a subsidiary.

Net cash used in financing activities was approximately RMB68.1 million for the year ended 31 December 2011, consisting of the cash outflow of approximately RMB75.1 million related to dividend payment, which was partially offset by the cash inflow of approximately RMB7.0 million related to the proceeds from the issue of shares.

Borrowings

As at 31 December 2011 and 2010, the Group did not have any short-term or long-term bank loans. Gearing, being total interest-bearing debt divided by total assets, was nil for both 2010 and 2011.

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 expenses relating specifically to the issue of new shares in the IPO and expenses relating generally to the listing of all the shares of the

Company, whether existing or new, amounted to approximately HKD569.3 million (equivalent to approximately RMB501.7 million), which is slightly more than the estimate of HKD565.2 million as stated in the announcement of the IPO allotment results dated 20 February 2009.

As at 31 December 2011, the net proceeds of 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	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 to 31 December 2011	—	—	—	—	—	—
Balance as at 31 December 2011	—	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

During the year ended 31 December 2011, the Group invested approximately RMB280.2 million (2010: RMB200.6 million) mainly in the construction of mining structures located at the mines in operation, and the capital expenditure (including exploration expenditure) incurred for Yangchangbian Mine, Daping Mine and Yantang-Yandan Mines amounted to approximately RMB7.0 million (2010: RMB31.8 million), RMB7.6 million (2010: RMB38.4 million) and RMB210.9 million (2010: RMB72.6 million) respectively.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 31 December 2011 and 2010.

Capital Commitment

As at 31 December 2011, we had capital commitment of capital expenditure contracted for but not provided in the consolidated financial statement of approximately RMB95.8 million in respect of exploration projects (2010: RMB72.8 million).

Operating lease commitments

As at 31 December 2011, we had contracted obligations consisting of operating leases which totalled approximately RMB4.3 million (2010: RMB7.9 million), with approximately RMB2.5 million due within one year (2010: RMB2.9 million) and approximately RMB1.8 million due between two to five years (2010: RMB5.0 million). Lease terms ranged from one to three years with fixed rentals.

Financial instruments

The Company did not have any hedging contracts or financial derivatives outstanding for the two years ended 31 December 2011 and 2010.

Segment analysis

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

Employees and Emoluments Policy

As at 31 December 2011, the number of employees of the Group was 578 (2010: 534). For the year ended 31 December 2011, the staff cost (including directors' remuneration in the form of salaries, share-based payments and other allowances but excluding sub-contracting labour cost) was approximately RMB88.7 million (2010: RMB24.7 million). The significant increase in staff cost was mainly the result of the increase in equity-settled share-based payments owing to a new grant of share options in 2011 and the provisions made in 2011 for social security insurance for staff for 2011 and prior years.

The Group's emolument policies are formulated 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.

Provision of Financial Assistance to the Then Controlling Shareholder

Between February 2011 and April 2011, three loan agreements were entered into between the Company and Mr. Wu, pursuant to which a total of approximately HK$955,000,000 was lent by the Company to Mr. Wu (the "**Financial Assistance**"). For further details on the Financial Assistance, please refer to the announcement of the Company dated 22 August 2011 and Note 13 to the Consolidated Statement of Financial Position of the Group for the year ended 31 December 2011 in this announcement.

Dividends

A final dividend for the year ended 31 December 2010 of HKD0.05 per share, totalling approximately RMB38.0 million, was paid in 2011.

An interim dividend for the six months ended 30 June 2011 of HKD0.05 per share, totalling approximately RMB37.2 million, was paid in 2011.

No final dividend was recommended by the Board for the year ended 31 December 2011.

Currency 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 year ended 31 December 2011, the Group had bank balances, as well as balances of prepaid project payments and loans to a shareholder that were denominated in foreign currencies which exposed the Group to foreign currency risks. The Group was mainly exposed to the fluctuation of HKD. 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 year ended 31 December 2011.

Movements of Share Capital

	Number of shares	Amount
	'000	*HKD'000*
Issued and fully paid:		
Ordinary shares of HKD1.00 each		
At 1 January 2011	907,466	907,466
Exercise of share options	1,320	1,320
At 31 December 2011	908,786	908,786

On 4 January 2011, the Company issued 1,320,000 ordinary shares of HKD1.00 each for cash at a price of HKD6.25 per share, totalling HKD8,250,000 (equivalent to approximately RMB6,860,000), pursuant to the exercise of the Company's share options.

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. During the year ended 31 December 2011, the Company had omitted to notify the Stock Exchange in advance of the commencement of the black-out period pursuant to paragraph A.3(b) of the Model Code preceding the Company's release of the 2011 interim results announcement on 31 August 2011. At that time, the Company was faced with a choice between (i) publishing the interim results which had not been reviewed by the Company's auditors as they had already resigned, and (ii) delaying the publication of the interim results. In the end, the Company chose to publish the 2011 interim results but by the time that decision was made, there was insufficient time for the Company to comply with the requirement in question. Despite this, having made specific enquiry to all the directors of the Company, the Board confirmed that they have complied with the required standard of dealings as set out in the Model Code during the year ended 31 December 2011.

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 then applicable Code on Corporate Governance Practices 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 year ended 31 December 2011 (the "**Reporting Period**"), and has formed the opinion that the Company, throughout the Reporting Period, has complied with the then applicable code provisions ("**Code Provisions**") as set out in the CG Code except for the following deviations:

Relevant Code Provisions	**Deviations from the relevant Code Provisions**	**Remedial Actions**
A.1.3	Notices of Board meetings were given on 30 August 2011 and 11 November 2011 for the Board meetings held on 31 August 2011 and 14 November 2011 respectively, which were less than 14 days, being the minimum number of days required under Code Provision A.1.3 for regular board meetings.	Notice was given on 14 January 2016 for the Board meeting held on 29 January 2016, which was no less than 14 days was as required under Code Provision A.1.3 for regular board meetings. The Company is currently in compliance with this Code Provision.
A.7.1	Board papers were sent to the Directors on 10 March 2011, 9 May 2011 and 30 August 2011 for the Board meetings held on 10 March 2011, 11 May 2011 and 31 August 2015 respectively, being less than 3 days before the dates of the board meetings, which resulted in deviations from the requirement under Code Provision A.7.1.	Agenda and Board papers were sent to the Directors on or before 26 January 2016 for the Board meeting held on 29 January 2016, no less than 3 days before the date of the Board meeting as required under the new Code Provision A.7.1. The Company is currently in compliance with this Code Provision.
C.2.1 and C.2.2	The Company had engaged a third party independent internal control consulting firm to assist the Board in conducting annual reviews of the internal control of the Group for 2009 and for 2010, but not after the trading of the shares of the Company was suspended on 27 May 2011. As a result, the Board was unable to conduct the annual review of the Company's internal control systems and matters stipulated in Code Provisions C.2.1 and C.2.2 during the Reporting Period.	ZHONGHUI ANDA RISK SERVICES Limited, an external professional adviser, was engaged by the Company on 9 November 2015 to conduct an independent internal control review and to assist the management to improve the internal control systems of the Group. Moving forward, the Company intends to engage an external professional adviser to conduct annual reviews of the Company's internal control systems of the Company in the future.
D.2.1 and D.2.2	The Investigation Committee established in the board meetings of 28 July 2011 and 1 August 2011 was not given formal terms of reference to clearly set out its powers and functions as required under Code Provisions D.2.1 and D.2.2.	The Investigation Committee was dissolved on 24 December 2015. In the future, when board committees are established, they will be given formal terms of references with the requirement (among other things) that they report back to the Board on their decisions or recommendations.

Change of Auditors

On 13 October 2011, the Board announced that Deloitte Touche Tohmatsu ("**DTT**") resigned as auditors of the Group with effect from 12 October 2011 in view of the matters revealed in the announcements made by the Company on 19 June 2011 and 22 August 2011. Apart from the circumstances disclosed in the announcements of the Company dated 19 June 2011, 22 August 2011 and 13 October 2011, both the Board and DTT confirmed that there were no circumstances other than as mentioned above in respect of the change of auditors which they considered should be brought to the attention of the shareholders of the Company. The casual vacancy following the resignation of DTT was filled on 6 February 2015 by ZHONGHUI ANDA CPA Limited, which will hold office until the conclusion of the next annual general meeting of the Company pursuant to article 155 of the Articles of Association of the Company.

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. During the financial year under review, the Audit and Risk Management Committee consisted of the following members:

Period	**Membership of the Audit Committee**
1 January 2011–24 June 2011	Mr. Mak Kin Kwong *(Chairman)* Mr. Zhao Enguang Mr. Xiao Zuhe
24 June 2011–13 July 2011	Mr. Xiao Zuhe *(Chairman)* Mr. Zhao Enguang Mr. Yang Yicheng
13 July 2011–25 July 2011	Mr. Zhao Enguang Mr. Yang Yicheng
25 July 2011–19 August 2011	Mr. Wan Kam To *(Chairman)* Mr. Zhao Enguang Mr. Yang Yicheng
19 August 2011–18 November 2011	Mr. Zhao Enguang Mr. Yang Yicheng
18 November 2011–31 December 2011	Mr. Li Xiaoping *(Chairman)* Mr. Zhao Enguang Mr. Yang Yicheng

As above, during the periods from 13 July 2011 to 25 July 2011 and from 19 August 2011 to 18 November 2011 (the "**Relevant Periods**"), following the resignations of Mr. Xiao Zuhe and Mr. Wan Kam To respectively, the number of both the independent non-executive Directors and members of the

Audit Committee fell below the minimum requirements respectively stipulated under Rules 3.10(1) and 3.21 of the Listing Rules. In addition, during the Relevant Periods, the Company failed to meet the requirements under Rules 3.10(2) and 3.21 of the Listing Rules that at least one of the members of the Audit and Risk Management Committee must be an independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise (the "**Requisite Qualifications**"). Upon the appointment of Mr. Li Xiaoping on 18 November 2011, the Company has duly complied with the minimum requirement as stipulated under Rules 3.10(1) and 3.21 of the Listing Rules and the Requisite Qualifications as stipulated under Rule 3.10(2) and 3.21 of the Listing Rules.

The audited financial statements of the Group for the financial year ended 31 December 2011 have been reviewed by the Audit and Risk Management Committee (comprising Mr. Li Xiaoping (the Chairman), Mr. Zhao Euguang and Mr. Yang Yicheng, as at the date of this announcement).

Publication of the Audited Consolidated Annual Results and 2011 Annual Report on the websites of the Stock Exchange and the Company

This annual results announcement is published on the website of the Stock Exchange (http://www.hkexnews.com.hk) and the Company's website (http://www.realgoldmining.com), and the 2011 Annual 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 will remain suspended pending the fulfillment of the conditions prescribed by the Stock Exchange for the resumption of the trading as disclosed in the Company's announcement dated 30 March 2012.

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

Chifeng City, Inner Mongolia, 29 January 2016

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