2010
INTERIM REPORT

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

Contents

Corporate Information

EXECUTIVE DIRECTORS

Mr. Lu Tianjun *(Chairman of the Board)*
Mr. Ma Wenxue *(Vice Chairman of the Board)*
Mr. Qiu Haicheng *(Chief Executive Officer)*
Mr. Cui Jie *(Chief Financial Officer)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Mak Kin Kwong
Mr. Zhao Enguang
Mr. Xiao Zuhe
Mr. Yang Yicheng

SECRETARY TO THE BOARD

Ms. Yu Lulu

JOINT COMPANY SECRETARIES

Ms. Yu Lulu
Mr. Leung Wai Chiu, Albert

NOMINATION AND REMUNERATION COMMITTEE

Mr. Xiao Zuhe *(Chairman)*
Mr. Zhao Enguang
Mr. Yang Yicheng

AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Mak Kin Kwong *(Chairman)*
Mr. Zhao Enguang
Mr. Xiao Zuhe

AUTHORIZED REPRESENTATIVES

Mr. Xiao Zuhe
Mr. Leung Wai Chiu, Albert

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PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
  Bank of China Tower Branch
Bank of Communications
  Central Branch
BNP Paribas
  Hong Kong Branch
China Merchants Bank
  Shenzhen Branch
The Hongkong and Shanghai Banking Corporation Limited
  Sheung Wan Branch
Agricultural Bank of China
  Chifeng Songshan District Branch
  Balinzuo Banner Branch
Guangdong Development Bank
  Huizhou Branch
Industrial and Commercial Bank of China Limited
  Chifeng Songshan District Branch
  Chifeng Zhaowuda Branch
Xiamen International Bank
  Xiamen Siming Sub-branch
Hang Seng Bank
  Beijing Branch
Shenzhen Development Bank
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Financial Highlights

The Group's revenue amounted to approximately RMB578.7 million for the six months ended 30 June 2010, representing an increase of approximately RMB174.5 million, or approximately 43.2% as compared to approximately RMB404.2 million for the six months ended 30 June 2009.

The profit attributable to owners of the Company for the six months ended 30 June 2010 was approximately RMB322.0 million, representing an increase of approximately RMB124.1 million, or approximately 62.8% as compared to approximately RMB197.9 million for the six months ended 30 June 2009.

The basic earnings per share attributable to owners of the Company amounted to approximately RMB41.61 cents for the six months ended 30 June 2010, as compared to approximately RMB31.43 cents for the six months ended 30 June 2009.

REVIEW AND OUTLOOK

Business Review

We have three gold mines in operation in the Chifeng Municipality, Inner Mongolia, namely the Shirengou Gold Mine, the Nantaizi Gold Mine and the Luotuochang Gold Mine (collectively the "Gold Mines"). The Nantaizi Gold Mine and the Shirengou Gold Mine are adjacent to each other, and the ore processing facility located at the Nantaizi Gold Mine ("Shirengou-Nantaizi Processing Plant") processes ore from both the Nantaizi Gold Mine and the Shirengou Gold Mine. Chifeng Municipality is an area rich in mineral resources with a long history of production of precious and nonferrous metals. The total production capacity of the Company's gold processing plants has now reached 2,580 tonnes per day.

We specialize in the mining of gold and the processing of ore into concentrates containing gold and other minerals for subsequent sale. Gold is our core commodity because the value of gold contained in the concentrates we produce and sell exceeds the combined value of all the other metals contained in our concentrates, and contributed approximately 64.1% and 70.5% of our total revenue for the periods ended 30 June 2010 and 2009 respectively.

On 9 February 2010, Chifeng Fuqiao Mining Co. Limited* (赤峰富僑礦業有限公司), a subsidiary of the Company ("Chifeng Fuqiao"), entered into a share transfer agreement to acquire 100% of the equity interest in Shangrao City Jinshi Mining Technology Development Limited* (上饒市金石礦業科技開發有限公司) ("Jinshi Mining"), for a consideration of RMB60.0 million. The average gold grade in Daping Gold Mine, 100% owned by Jinshi Mining, is approximately 4.70 grams per tonne, with an estimated amount of gold reserves (332+333 under PRC standard) of approximately 1,689 kg, or 54.3 thousand ounces. The transaction was completed on 21 April 2010.

On 13 May 2010, Chifeng Fuqiao entered into the equity purchase agreement to acquire 100% of equity interest in Liuzhoushi Yuanyi Mining Limited Liability Company* (柳州市元義礦業有限責任公司) ("Yuanyi Mining"), for an aggregated consideration of US$60.0 million. The average gold grade in Yantang Mine, owned by Yuanyi Mining, is approximately 2.81 grams per tonne, with the estimated amount of gold resources (333+334 under PRC standard) of approximately 17.86 tonnes, or 574 thousand ounces. The transaction was completed on 4 June 2010.

On 13 May 2010, the Company, through its 100% owned subsidiary, Lita Investment Limited ("Lita Investment") acquired 100% of the equity interest in Great Future Investments Limited ("Great Future") which owns 78.57% of the equity interest in Guangxi Jinding Mineral Resources Co., Ltd* (廣西金鼎礦業有限公司) ("Guangxi Jinding"), for a consideration of USD70,000,000. The average gold grade in Yandan Mine, owned by Guangxi Jinding, is approximately 2.16 grams per tonne, with the estimated amount of gold resources (333+334 under PRC standard) of approximately 12.85 tonnes, or 413 thousand ounces. The other 12 gold mines owned by Guangxi Jinding has estimated gold resources of approximately 12,000 kg, or 386 thousand ounces. The transaction was completed on 4 June 2010.

On 17 June 2010, the Company, through its 100% owned subsidiary, Lita Investment, entered into an agreement to acquire the remaining 2.86% of the equity interest in Fubon Industrial (Huizhou) Co., Ltd.* (富邦工業(惠州)有限公司) ("Fubon Industrial") from its minority shareholder, for a consideration of RMB194 million. The acquisition enabled the Group to increase its share of net profits in Fubon Industrial.

OPERATION REVIEW

	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	1H10	1H09	YoY
Shirengou-Nantaizi Processing Plant									
Average Daily Capacity (t/day)	1,480	1,480	1,480	1,480	1,480	1,480	1,480	990	
Utilization Rate (%)	101.4	99.8	98.0	102.4	98.8	99.3	99.9	102.3	
Production Days (Days)	23.0	6.0	24.0	25.8	26.4	27.9	133.1	153.2	
Ore Processed (kt)	34.5	8.9	34.8	39.1	38.6	41.0	196.9	155.2	27%
Average Gold Grade (g/t)	9.0	9.1	9.0	9.0	9.1	8.9	9.0	9.7	–7%
Average Recovery Rate (%)	83.4	84.9	84.8	84.9	84.5	84.5	84.6	85.8	–1%
Payable Gold (koz)	8.4	2.2	8.6	9.6	9.5	10.0	48.3	41.6	16%
Equivalent Gold (koz)	11.2	3.0	11.3	12.7	12.1	12.7	63.0	52.6	20%
Luotuochang Processing Plant									
Average Daily Capacity (t/day)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	800	
Utilization Rate (%)	98.1	101.0	98.6	100.5	96.7	97.2	98.4	98.6	
Production Days (Days)	25.0	6.0	22.0	29.0	28.7	28.5	139.2	150.8	
Ore Processed (kt)	27.0	6.7	23.9	32.1	30.5	30.5	150.7	119.0	27%
Average Gold Grade (g/t)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.3	–8%
Average Recovery Rate (%)	86.4	86.2	86.5	86.2	86.3	86.5	86.4	87.1	—
Payable Gold (koz)	2.3	0.6	2.0	2.7	2.6	2.6	12.8	11.0	16%
Equivalent Gold (koz)	6.1	1.5	5.3	7.0	6.2	5.9	32.0	23.1	39%
Total Payable Gold (koz)	**10.7**	**2.8**	**10.6**	**12.3**	**12.1**	**12.6**	**61.1**	**52.5**	**16%**
Total Produced Equivalent Gold (koz)	**17.3**	**4.5**	**16.6**	**19.7**	**18.3**	**18.6**	**95.0**	**75.8**	**25%**
Total Sold Equivalent Gold (koz)	**17.1**	**—**	**20.5**	**22.7**	**16.0**	**18.4**	**94.7**	**73.7**	**28%**
Realized Gold Price (RMB/oz)[^]	**6,875**	**n/a**	**6,844**	**7,077**	**7,414**	**7,607**	**7,150**	**5,649**	**27%**
Total Revenue (RMB'000)[^]	**100,485**	**—**	**119,910**	**137,300**	**101,388**	**119,624**	**578,707**	**404,185**	**43%**

^ Realized Gold Price includes the Value Added Tax, while Total Revenue excludes such tax

Operational conditions of the ore processing facility located at the Nantaizi Gold Mine

From January to June 2010, the ore processing facility located at Nantaizi Gold Mine maintained a daily ore processing capacity of approximately 1,480 tonnes. The total amount of ore processed in the first half of 2010 reached approximately 196,900 tonnes, representing an increase of approximately 27% from the same period of 2009, as a result of processing capacity expansion.

The average gold grade of the first half of 2010 was approximately 9.0 grams per tonne and the average recovery rate was approximately 84.6%.

The total production of payable gold and equivalent gold in the first half of 2010 was approximately 48,300 ounces and 63,000 ounces respectively, representing an increase of approximately 16% and 20% respectively from the same period of 2009.

Operational conditions of the ore processing facility located at the Luotuochang Gold Mine

From January to June 2010, the ore processing facility located at Luotuochang Gold Mine maintained a daily ore processing capacity of approximately 1,100 tonnes. The total amount of ore processed in the first half of 2010 reached approximately 150,700 tonnes, representing an increase of approximately 27% from the same period of 2009, as a result of the processing capacity expansion.

The average gold grade of the first half of 2010 was approximately 3.0 grams per tonne and the average recovery rate was approximately 86.4%.

The total production of payable gold and equivalent gold in the first half of 2010 was approximately 12,800 ounces and 32,000 ounces respectively, representing an increase of approximately 16% and 39% respectively from the same period of 2009.

Overall, the Company produced approximately 61,100 ounces of payable gold and approximately 95,000 ounces of equivalent gold in the first half of 2010, representing an increase of approximately 16% and 25% respectively from the same period of 2009. The average realized gold price of the first half of 2010 was approximately RMB7,150 per ounce, approximately 27% higher than that of the same period of 2009, and the total revenue of the same period increased by approximately 43% to approximately RMB578.7 million.

FINANCIAL REVIEW

Revenue

The unaudited revenue of the Group increased from approximately RMB404.2 million for the six months ended 30 June 2009 to approximately RMB578.7 million for the six months ended 30 June 2010. The increase was the net result of mainly the following two factors, namely the favorable factor being the increases in the average prices of gold and other metals, as well as that of the production capacity, and the unfavorable factor being the change in taxpayer status of our PRC operating subsidiaries (see Section titled "*Change in Taxpayer Status of Our Operating Subsidiaries in the People's Republic of China*" below).

Cost of sales

Cost of sales was approximately RMB141.0 million for the six months ended 30 June 2010, increased from approximately RMB110.4 million of the same period of 2009 and primarily included subcontracting fees, auxiliary material costs, electricity costs, depreciation and amortization, environmental protection fees and production safety fees. For the six months ended 30 June 2010, our cost of sales accounted for approximately 24.4% of our revenue, decreased from approximately 27.3% of the same period of 2009.

Gross profit and gross margin

As a result of the foregoing, gross profit was approximately RMB437.7 million and gross margin was approximately 75.6% for the six months ended 30 June 2010. For the six months ended 30 June 2009, gross profit was approximately RMB293.8 million and gross margin was approximately 72.7%. The increase in gross margin was due to the higher growth rate of revenue than that of cost of sales.

Other income

Other income increased from approximately RMB11.8 million for the six months ended 30 June 2009 to approximately RMB66.8 million for the six months ended 30 June 2010.

Other income for the six months ended 30 June 2010 consisted mainly of government subsidies of approximately RMB63.0 million and interest income of approximately RMB3.8 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.

The primary source of other income for the six months ended 30 June 2009 was government subsidies of approximately RMB8.6 million, interest income of approximately RMB0.5 million and a release of financial guarantee liability of approximately RMB2.4 million.

The increase in government subsidies was primarily due to the increase in sales as well as the change in taxpayer status of our operating subsidiaries in the PRC (see Section titled *"Change in Taxpayer Status of Our Operating Subsidiaries in the People's Republic of China"* below). There was no release of financial guarantee liability in 2010 as there was no financial guarantee liability after its release upon the listing of the shares of the Company on the Stock Exchange on 23 February 2009.

The increase in interest income was in line with the increase in bank balances.

Administrative expenses

Administrative expenses decreased from approximately RMB26.5 million for the six months ended 30 June 2009 to approximately RMB25.4 million for the six months ended 30 June 2010.

The administrative expenses for the six months ended 30 June 2010 primarily represented equity-settled share-based payments expenses of approximately RMB4.8 million, professional fees of approximately RMB1.3 million and exchange loss of approximately RMB9.3 million.

The administrative expenses for the six months ended 30 June 2009 primarily represented professional fees of approximately RMB9.1 million which was allocated to the listing of the Company's existing shares and charged to the profit and loss account and equity-settled share-based payments expenses of approximately RMB10.1 million.

Equity-settled share-based payments expenses decreased because of the staggered vesting schedule of the share options, which resulted in a higher charge in the income statement in earlier periods than in later periods. Professional fees decreased as there were no longer any IPO-related expenses during the period. Exchange loss for the six months ended 30 June 2010 arose primarily from the translation and the settlement of monetary items such as bank balances and loans receivable denominated in HKD and USD. Exchange difference for the six months ended 30 June 2009 was not significant as the difference in the exchange rate in the calculation of the exchange difference was not significant for the transactions and balances of the monetary items involved.

Other expenses

Other expenses were approximately RMB21.7 million for the six months ended 30 June 2010 (2010 first quarter: approximately RMB2.1 million; 2010 second quarter: approximately RMB19.6 million), representing primarily consultancy service provided by independent professional firms for assessing the opportunities of exploration and evaluation projects. There were no such other expenses for the six months ended 30 June 2009.

Tax expenses

Tax expenses were approximately RMB124.9 million for the six months ended 30 June 2010, and approximately RMB74.8 million for the six months ended 30 June 2009 respectively, representing income tax on the profit generated from the Gold Mines, less any tax losses brought forward from prior years. The net amount was being taxed at the PRC's Enterprise Income Tax rate of 25%.

The increase in tax expense was primarily due to the increase in taxable profits in the operating subsidiaries during the period.

Profit and total comprehensive income for the period attributable to owners

Profit and total comprehensive income attributable to owners of the Company for the six months ended 30 June 2010 was approximately RMB322.0 million, compared to approximately RMB197.9 million for the six months ended 30 June 2009, representing an increase of approximately 62.8% over the corresponding period in 2009.

Change in Taxpayer Status of Our Operating Subsidiaries in the People's Republic of China ("PRC")

The value added tax taxpayer status of our PRC operating subsidiaries has changed from a small-scale taxpayer to an ordinary taxpayer. The applicable value added tax rate has therefore been changed from 3% to 17%. The selling price of our products, inclusive of output value added tax, is based on the market price of the particular metal (gold, silver, copper, lead or zinc) in question. With the increase in the value added tax rate, the portion of output value added tax increases while that of revenue flowing to us decreases in the selling price. Other things being equal, our revenue would decrease as a result of the change in value added tax taxpayer status.

Before the change in value added tax taxpayer status of our PRC operating subsidiaries, input value added tax could not be used to set off against output value added tax. After the change, our PRC operating subsidiaries can now apply the input value added tax paid to set off against the output value added tax as an ordinary taxpayer.

Our gold products are exempt from value added tax. We regard this non-cash, exempted value added tax as a government subsidy and account for it as non-operating income. Government subsidies increase as a result of the change in taxpayer status in our PRC operating subsidiaries.

Overall, we pay more value added tax for selling metals other than gold. Taking all the above into account, the profit and total comprehensive income attributable to owners of the Company for the six months ended 30 June 2010 would be increased by approximately 6.3% if there were no change in the value added tax taxpayer status of our PRC operating subsidiaries.

Dividends

No dividend was declared for the six months ended 30 June 2010 and 2009.

Cash flows

For the six months ended 30 June 2010 and 2009, 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 the capital expenditures and working capital with cash from operating activities, existing bank and cash balances and net proceeds from the initial public offering of the Company's shares ("IPO") in the way as set out in the prospectus of the Company dated 10 February 2009 ("Prospectus"), 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 RMB239.8 million from approximately RMB1,957.8 million as at 31 December 2009 to approximately RMB1,718.0 million as at 30 June 2010.

We generated approximately RMB379.8 million from operating activities for the six months ended 30 June 2010. 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 outflow in respect of the increase in working capital under operating activities and cash outflow in respect of income tax paid.

Net cash used in investing activities amounted to approximately RMB192.1 million for the six months ended 30 June 2010, of which approximately RMB29.8 million related to the cash outflow in respect of the purchase of property, plant and equipment for mining and construction of infrastructure at our Gold Mines, approximately RMB51.1 million related to the cash outflow in respect of expenditure on exploration and evaluation assets at our Gold Mines, approximately RMB427.0 million related to the cash inflow in respect of the decrease in advance to independent third parties under investing activities, and approximately RMB538.2 million related to the cash outflow in respect of the acquisition of subsidiaries.

Net cash used in financing activities was approximately RMB427.4 million for the six months ended 30 June 2010, which was related to the cash outflow in respect of the decrease in advance from independent third parties.

Borrowings

As at 30 June 2010 and 31 December 2009, 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. As at 30 June 2010, we had bank facilities in the total amount of RMB200 million, of which none were utilized.

Pledge of assets

There were no significant charges on group assets as at 30 June 2010 and 31 December 2009.

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 HK$569.3 million (equivalent to approximately RMB501.7 million), which is slightly more than the estimate of approximately HK$565.2 million as announced in the announcement of the IPO Allotment Results dated 20 February 2009.

As at 30 June 2010, the net proceeds of IPO had been utilized in the following manner:

	Planned amount per Prospectus HK$' million	Planned amount for actual net IPO proceeds 2009 HK$' million	Amount utilized up to 31 December 2009 HK$' million	**Amount utilized in the six months ended 30 June 2010 HK$' million**	**Amount utilized up to 30 June 2010 HK$' million**	**Balance as at 30 June 2010 HK$' million**
Future acquisitions of gold resources in						
— Inner Mongolia	20.9	25.4	—	**—**	**—**	**25.4**
— Other regions	158.8	192.7	—	**(192.7)**	**(192.7)**	**—**
Expanding exploration activities						
— Exploration activities	72.3	87.7	—	**—**	**—**	**87.7**
— Facilitating actual production	35.6	43.2	—	**—**	**—**	**43.2**
Capital expenditures at existing Gold Mines	170.3	206.6	—	**—**	**—**	**206.6**
General corporate purpose	11.3	13.7	(12.1)	**(1.6)**	**(13.7)**	**—**
	469.2	569.3	(12.1)	**(194.3)**	**(206.4)**	**362.9**

The unutilised balance was placed in short-term bank deposits in accounts at commercial banks in the PRC and in Hong Kong. The Group intends to utilise the net proceeds balance in the same manner and proportion as set out in the Prospectus.

Capital expenditure

During the six months ended 30 June 2010, the Group invested approximately RMB80.9 million (six months ended 30 June 2009: approximately RMB35.8 million) relating primarily to the addition to property, plant and equipment for mining and the construction of infrastructure of the ore processing facilities located at the mines (approximately RMB29.8 million) and expenditure on exploration and evaluation assets (approximately RMB51.1 million). Of the RMB80.9 million, approximately RMB29.8 million has been invested into our current operating mines, and approximately RMB24.5 million and RMB26.6 million has been invested into our mines in Yunnan and Jiangxi respectively.

Capital Commitment

As at 30 June 2010, we had capital commitment of capital expenditure authorized but not contracted for an amount of approximately RMB1,396.9 million in respect of exploration and mining projects. As at 31 December 2009, we had capital commitment of capital expenditure contracted for an amount of approximately RMB9.5 million in respect of an exploration project.

Financial instruments

The Company did not have any hedging contracts or financial derivatives outstanding for the six months ended 30 June 2010 and 30 June 2009.

Segment analysis

Segment information is disclosed in Note 3 to the condensed consolidated financial statements.

Employees and emoluments policy

As at 30 June 2010, the number of employees of the Group was 524 (31 December 2009: 372). For the six months ended 30 June 2010, 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 RMB14.4 million (first half of 2009: approximately RMB15.8 million).

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 on 30 January 2009 for its employees, the details of which are set out under the section of "Share Option" in the Directors' Report of the 2009 Annual Report of the Company.

The following table sets out the number of the Company's share options held by our directors and our Chief Executive Officer and our employees as at 1 January 2010 and 30 June 2010. There was no movement during the six months ended 30 June 2010:

Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per share HK$	Number of share options outstanding at 1.1.2010 and 30.6.2010
Lu Tianjun *(Director)*	12.3.2009	12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	330,000
		12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	330,000
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	330,000
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	330,000
Ma Wenxue *(Director)*	12.3.2009	12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	330,000
		12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	330,000
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	330,000
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	330,000
Qiu Haicheng *(Director and Chief Executive Officer)*	12.3.2009	12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	330,000
		12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	330,000
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	330,000
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	330,000

Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per share HK$	Number of share options outstanding at 1.1.2010 and 30.6.2010
Cui Jie *(Director)*	12.3.2009	12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	330,000
		12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	330,000
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	330,000
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	330,000
Employees *(in aggregate)*	12.3.2009	12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	2,310,000
		12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	2,310,000
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	2,310,000
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	2,310,000

Outlook

Due to hazardous weather conditions in Yunnan, Jiangxi and Guangxi, the exploration and development of our mines located in these provinces have been affected. From the completion dates of acquisitions of relevant mines to 20 August of 2010, our Fuyuan Gold Mine in Yunnan province, has experienced 156 days of drought and 25 days of floods. Daping Gold Mine in Jiangxi province has experienced 92 days of floods and Yantang Mine, Yandan Mine and other 12 mines in Guanxi Zhuang Autonomous Region have experienced 32 days of floods.

We have been carrying on with our exploration activities and the construction of infrastructures and processing facilities at Fuyuan Gold Mine. It is expected that the production of Fuyuan Gold Mine and Daping Gold Mine will commence in July 2011 and October 2011 respectively.

We have started exploration at our Yantang Mine, Yandan Mine and other 12 mines in Guangxi. Yantang Mine and Yandan Mine are located in close proximity to each other. The Company intends the ores from the two mines will be processed at one processing facility. We expect to start production at Yantang Mine and Yandan Mine by January 2012.

The Company considers identification and acquisition of gold mines to be its core competency and growth by acquisition of gold mines to be its key corporate strategy. We will therefore keep looking for potential merger and acquisition opportunities in order to increase our gold reserves. We believe that, by leveraging on our unique high-grade poly-metallic mineral reserves, production efficiency, organic growth potential and stable and effective management structure, we will be able to strengthen the competitiveness of the Group and maximize the interests of both the Company and its shareholders.

FUTURE MATERIAL INVESTMENT AND CAPITAL EXPENDITURES

Our planned future capital expenditures mainly comprise the capital requirements for the mining operations at the Shirengou-Nantaizi Mining Complex and the Luotuochang Gold Mine as well as the establishment of production facilities at the Fuyuan Gold Mine of Yunnan Gudao Mining Limited* (雲南古道礦業有限公司) ("Yunnan Gudao"), Daping Gold Mine of Jinshi Mining, Yandan-Yantang Mining Complex of Guangxi Jinging and Yuanyi Mining and the 12 other gold mines of Guangxi Jinding. Our planned capital expenditures (including exploration expenditure) for the six months ending 31 December 2010 which are expected to be funded by the net proceeds from the Company's IPO, net proceeds from the subscription of shares through placing on 7 October 2009 and 7 July 2010 and internal resources of the Group, are as follows:

Name of the Mines	Expected Capital Expenditures (including exploration expenditure) For six months ending 31 December 2010 (approximately RMB in million)
Shirengou-Nantaizi Mining Complex	42.5
Luotuochang Gold Mine	19.3
Fuyuan Gold Mine of Yunnan Gudao	29.4
Daping Gold Mine of Jinshi Mining	13.4
Yandan-Yantang Mining Complex of Guangxi Jinding and Yuanyi Mining	136.8
The other 12 Gold Mines of Guangxi Jinding	—
Total	241.4

FOREIGN EXCHANGE RISK

The Group has foreign currency transactions which expose the Group to market risk arising from changes in foreign exchange rates. We conduct our operations in the PRC. RMB is our reporting currency and the functional currency of the Company and its principal subsidiaries. All of our revenue and operating costs are denominated in RMB. As domestic metal prices (which are expressed in RMB) move in line with global metal prices (which are typically expressed in USD), the price in RMB we can receive for our concentrates depends on the RMB: USD exchange rate. The exchange rate of the RMB against USD and other foreign currencies fluctuates and is affected by, among other things, the policies of the PRC government and changes in the PRC's and international political and economic conditions. We have not entered into any foreign exchange derivative instruments or futures to hedge against any potential fluctuations in the exchange rate of the RMB against USD.

The Group has bank balances that are denominated in foreign currencies. As at 1 January 2010, the Group had loan arrangements which expose the Group to foreign currency exposure on HKD and USD. There was no such loan arrangements as at 30 June 2010. The Group was mainly exposed to the fluctuation of HKD and USD. The Group manages and monitors foreign exchange exposure to ensure appropriate measures are implemented in a timely and effective manner. No foreign currency hedge is currently undertaken by the Group. However, management will consider hedging significant foreign currency risk exposure should the need arise.

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 2010.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND SHARE OPTIONS

At 30 June 2010, the interests of the directors and chief executive of the Company in the shares and share options of the Company, as recorded in the register maintained by the Company pursuant to Section 352 of the Securities and Futures Ordinance ("SFO"), or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in share options

Name	Capacity	Number of options held	Number of underlying shares
Lu Tianjun *(Director)*	Beneficial owner	1,320,000	1,320,000
Ma Wenxue *(Director)*	Beneficial owner	1,320,000	1,320,000
Qiu Haicheng *(Director and Chief Executive Officer)*	Beneficial owner	1,320,000	1,320,000
Cui Jie *(Director)*	Beneficial owner	1,320,000	1,320,000

Other than as disclosed above, neither the directors nor the chief executive, nor any of their associates, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as at 30 June 2010.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2010, so far as known to any Director or chief executive of the Company, shareholders (other than a Director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO were as follows:

Long and short positions in ordinary shares of HK$1 each of the Company

(including equity derivative interests)

Name of shareholder	Capacity	Long position number of ordinary shares	Long position percentage of the issued share capital of the Company	Short position number of ordinary shares	Short position percentage of the issued share capital of the Company
Lead Honest Management Limited (Note i)	Beneficial owner	479,376,000	59.54%	234,376,000	29.11%
Tercel Holdings Limited (Note i)	Interest of controlled corporation	479,376,000	59.54%	234,376,000	29.11%
Credit Suisse Trust Limited (Note i)	Trustee	479,376,000	59.54%	234,376,000	29.11%
Wu Ruilin (Note i)	Founder of a discretionary trust	479,376,000	59.54%	234,376,000	29.11%
Citigroup Inc. (Note ii and iii)	Interest of controlled corporation	107,565,337	13.36%	105,000,000	13.04%
	Custodian corporation/ approved lending agent	136,080,646	16.90%	N/A	N/A
	Person having a security interest in shares	1,649,500	0.20%	N/A	N/A

Equity derivative interests in ordinary shares of HK$1 each of the Company

(included in long and short positions)

Name of shareholder	Long position number of ordinary shares	Long position percentage of the issued share capital of the Company	Short position number of ordinary shares	Short position percentage of the issued share capital of the Company
Lead Honest Management Limited (Note i)	105,000,000	13.04%	107,408,809	13.34%
Tercel Holdings Limited (Note i)	105,000,000	13.04%	107,408,809	13.34%
Credit Suisse Trust Limited (Note i)	105,000,000	13.04%	107,408,809	13.34%
Wu Ruilin (Note i)	105,000,000	13.04%	107,408,809	13.34%
Citigroup Inc. (Note ii and iii)	107,408,809	13.34%	105,000,000	13.04%

Notes:

(i) As at 30 June 2010, Lead Honest Management Limited is 100% controlled by Tercel Holdings Limited, which in turn is ultimately controlled by Credit Suisse Trust Limited. Credit Suisse Trust Limited was a trustee of Tercel Trust, of which Mr. Wu Ruilin was the founder.

(ii) There was also a lending pool of 1,704,646 shares, representing 0.21% of the issued share capital of the Company.

(iii) Citigroup Inc.'s interests were held via the following companies controlled by Citigroup Inc.:

Citigroup Global Markets Financial Products LLC was interested in a long position of 107,408,809 shares of the Company. Citigroup Global Markets Financial Products LLC was controlled by Citigroup Global Markets Holdings GmbH which was in turn controlled by Citigroup Global Markets (International) Finance AG and Salomon Brothers Pacific Holding Company Inc.; both Citigroup Global Markets (International) Finance AG and Salomon Brothers Pacific Holding Company Inc. were controlled by Citigroup Financial Products Inc.; Citigroup Financial Products Inc. was controlled by Citigroup Global Markets Holdings Inc. which was in turn controlled by Citigroup Inc.

Citigroup Global Markets Ltd was interested in a long position of 1,806,028 shares of the Company and a short position of 105,000,000 shares of the Company. Citigroup Global Markets Ltd was controlled by Citigroup Global Markets Europe Ltd which was controlled by Citigroup Global Markets LLC and Citigroup Global Markets (International) Finance AG; both Citigroup Global Markets LLC and Citigroup Global Markets (International) Finance AG were in turn controlled by Citigroup Financial Products Inc.; Citigroup Financial Products Inc. was controlled by Citigroup Global Markets Holdings Inc. which was in turn controlled by Citigroup Inc.

Citigroup Global Markets Holdings GmbH, which was controlled by Citigroup Global Markets (International) Finance AG and Salomon Brothers Pacific Holding Company Inc., was deemed to be interested in a long position of 107,408,809 shares of the Company.

Citigroup Global Markets Europe Ltd. was deemed to be interested in a long position of 1,806,028 shares of the Company and a short position of 105,000,000 shares of the Company.

Salomon Brothers Pacific Holding Company Inc. was deemed to be interest in a long position of 107,408,809 shares of the Company.

Citigroup Global Markets (International) Finance AG was deemed to be interested in a long position of 109,214,837 shares of the Company and a short position of 105,000,000 shares of the Company.

Citigroup Global Markets LLC was deemed to be interested in a long position of 1,806,028 shares of the Company and a short position of 105,000,000 shares of the Company.

Citigroup Financial Products Inc. was deemed to be interested in a long position of 109,214,837 shares of the Company and a short position of 105,000,000 shares of the Company.

Citigroup Global Markets Holdings Inc. was deemed to be interested in a long position of 109,214,837 shares of the Company and a short position of 105,000,000 shares of the Company.

Citibank N.A. was interested in a long position of 136,080,646 shares of the Company. Citibank N.A. was controlled by Citicorp Holdings Inc. which was in turn controlled by Citigroup Inc.

Citicorp Holdings Inc. was deemed to be interested in a long position of 136,080,646 shares of the Company.

Other than as disclosed above, as at 30 June 2010, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO.

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 Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") as its own code of conduct for dealing in securities of the Company by the directors. Having made specific enquiry to all the directors of the Company, all the directors confirmed that they had complied with the required standard of dealings as set out in the Model Code during the six months ended 30 June 2010.

CODE OF CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (the "Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. For the six months ended 30 June 2010, the Company complied with all the applicable code provisions as set out in the Code.

TOP-UP PLACING OF SHARES

On 24 June 2010, the Company entered into a placing and subscription agreement with Lead Honest Management Limited ("Lead Honest", a substantial controlling shareholder of the Company), Mr. Wu Ruilin (the beneficial owner of Lead Honest) and an independent placing agent in connection with the placing of 100,000,000 existing ordinary shares of the Company held by Lead Honest at a placing price of HK$12.15 per share (the "Placing") and the subscription of 100,000,000 new ordinary shares in the Company (the "Subscription") by Lead Honest. On 7 July 2010, the Company announced that the Placing and the Subscription have been completed on 29 June 2010 and 7 July 2010 respectively. The net proceeds from the Subscription are approximately HK$1,186.3 million. Details of the transaction are set out in the Company's announcements dated 25 June 2010 and 7 July 2010.

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 Audit and Risk Management Committee presently comprises three independent non-executive directors of the Company, namely, Mr. Mak Kin Kwong (Chairman), Mr. Xiao Zuhe and Mr. Zhao Enguang. The Audit and Risk Management Committee have reviewed this interim report and the external auditors have reviewed the unaudited Condensed Consolidated Financial Statements for the six months ended 30 June 2010 as part of this interim report.

* *For identification purpose only*

Deloitte.
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TO THE BOARD OF DIRECTORS OF REAL GOLD MINING LIMITED
瑞金礦業有限公司
(incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 36, which comprise the condensed consolidated statement of financial position of Real Gold Mining Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2010 and the related condensed consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended and certain explanatory notes. The Main Board Listing Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong
27 August 2010

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2010

	Notes	Six months ended 30.6.2010 RMB'000 (unaudited)	30.6.2009 RMB'000 (unaudited)
Revenue	3	**578,707**	404,185
Cost of sales		**(141,008)**	(110,424)
Gross profit		**437,699**	293,761
Other income	4	**66,847**	11,815
Administrative expenses		**(25,352)**	(26,479)
Other expenses	4	**(21,671)**	—
Profit before taxation	4	**457,523**	279,097
Taxation	5	**(124,913)**	(74,822)
Profit and total comprehensive income for the period		**332,610**	204,275
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**322,021**	197,852
Non-controlling interests		**10,589**	6,423
		332,610	204,275
Earnings per share:	6		
Basic		**RMB41.61 cents**	RMB31.43 cents
Diluted		**RMB41.44 cents**	RMB31.43 cents

Condensed Consolidated Statement of Financial Position

At 30 June 2010

	Notes	30.6.2010 RMB'000 (unaudited)	31.12.2009 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	**397,021**	378,497
Mining rights		**174,926**	180,414
Exploration and evaluation assets		**1,214,950**	89,123
Prepaid lease payments		**5,898**	5,959
		1,792,795	653,993
CURRENT ASSETS			
Prepaid lease payments		**125**	125
Inventories		**6,265**	6,164
Trade and other receivables	9	**34,680**	32,788
Loans receivable	10	**—**	426,997
Bank balances and cash		**1,718,046**	1,957,810
		1,759,116	2,423,884
CURRENT LIABILITIES			
Trade and other payables	11	**254,270**	46,075
Loans payable	10	**—**	427,398
Tax payable		**78,784**	66,191
		333,054	539,664
NET CURRENT ASSETS		**1,426,062**	1,884,220
		3,218,857	2,538,213
CAPITAL AND RESERVES			
Share capital	12	**707,490**	675,383
Reserves		**2,358,765**	1,808,309
Equity attributable to owners of the Company		**3,066,255**	2,483,692
Non-controlling interests		**135,203**	37,122
		3,201,458	2,520,814
NON-CURRENT LIABILITIES			
Provision for restoration cost		**675**	675
Deferred tax liability		**16,724**	16,724
		17,399	17,399
		3,218,857	2,538,213

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2010

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Statutory reserve RMB'000	Other reserve RMB'000	Share options reserve RMB'000	Retained profits RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2009 (audited)	387,522	—	16,914	7,803	—	84,613	496,852	15,728	512,580
Profit and total comprehensive income for the period	—	—	—	—	—	197,852	197,852	6,423	204,275
Issue of shares at a premium through initial public offering	91,833	482,126	—	—	—	—	573,959	—	573,959
Issue of shares by capitalisation of share premium account	100,310	(100,310)	—	—	—	—	—	—	—
Transaction costs attributable to issue of shares	—	(24,192)	—	—	—	—	(24,192)	—	(24,192)
Recognition of equity-settled share-based payment expenses	—	—	—	—	10,131	—	10,131	—	10,131
Release of equity-settled share-based payments	—	—	—	—	(900)	900	—	—	—
At 30 June 2009 (unaudited)	579,665	357,624	16,914	7,803	9,231	283,365	1,254,602	22,151	1,276,753
At 1 January 2010 (audited)	**675,383**	**1,161,239**	**73,165**	**7,803**	**10,164**	**555,938**	**2,483,692**	**37,122**	**2,520,814**
Profit and total comprehensive income for the period	**—**	**—**	**—**	**—**	**—**	**322,021**	**322,021**	**10,589**	**332,610**
Issue of shares at a premium	**32,107**	**374,693**	**—**	**—**	**—**	**—**	**406,800**	**—**	**406,800**
Recognition of equity-settled share-based payment expenses	**—**	**—**	**—**	**—**	**4,832**	**—**	**4,832**	**—**	**4,832**
Acquisition of subsidiaries	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**130,402**	**130,402**
Acquisition of additional interest in an existing subsidiary	**—**	**—**	**—**	**(151,090)**	**—**	**—**	**(151,090)**	**(42,910)**	**(194,000)**
At 30 June 2010 (unaudited)	**707,490**	**1,535,932**	**73,165**	**(143,287)**	**14,996**	**877,959**	**3,066,255**	**135,203**	**3,201,458**

Statutory reserve represents the appropriation of 10% of profit after taxation determined based on the accounting standards and regulations in the People's Republic of China (the "PRC") as required by the Articles of Association of one of the Company's PRC subsidiaries. The appropriation may cease to apply if the balance of the statutory reserve has reached 50% of that PRC subsidiary's registered capital.

Other reserve comprises an amount of approximately RMB7,803,000 advanced and waived by Lead Honest Management Limited ("Lead Honest"), the Company's immediate holding company, during the year ended 31 December 2008 and an amount of approximately RMB151,090,000 representing the excess of the fair value of the consideration over the carrying amount of the net assets of additional interest in an existing subsidiary acquired during the current period, details of which are set out in note 2.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2010

	Note	Six months ended 30.6.2010 RMB'000 (unaudited)	30.6.2009 RMB'000 (unaudited)
Net cash from operating activities		**379,759**	249,062
Net cash used in investing activities:			
Acquisition of subsidiaries	14	**(538,257)**	—
Purchase of property, plant and equipment		**(29,785)**	(35,819)
Expenditure on exploration and evaluation assets		**(51,080)**	—
Amounts repaid by (advanced to) independent third parties		**426,997**	(427,466)
		(192,125)	(463,285)
Net cash (used in) from financing activities:			
Amounts (repaid to) advanced from independent third parties		**(427,398)**	427,398
Proceeds from issue of shares		**—**	573,959
Expenses on issue of shares		**—**	(24,192)
		(427,398)	977,165
Net (decrease) increase in cash and cash equivalents		**(239,764)**	762,942
Cash and cash equivalents at beginning of the period		**1,957,810**	42,493
Cash and cash equivalents at end of the period, represented by bank balances and cash		**1,718,046**	805,435

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with International Accounting Standard 34 ("IAS 34") "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB").

2. SIGNIFICANT ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis.

The accounting policies used in the condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2009 except as described below.

In the current interim period, the Group has applied, for the first time, the following new and revised Standards, Amendments and Interpretations ("new or revised IFRSs") issued by the IASB and the International Financial Reporting Interpretations Committee (the "IFRIC") of the IASB.

IFRSs (Amendments)	Amendment to IFRS 5 as part of Improvements to IFRSs issued in 2008
IFRSs (Amendments)	Improvements to IFRSs issued in 2009
IAS 27 (Revised)	Consolidated and Separate Financial Statements
IAS 39 (Amendment)	Eligible Hedged Items
IFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
IFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
IFRS 3 (Revised)	Business Combinations
IFRIC-Int 17	Distributions of Non-cash Assets to Owners

IAS 27 (Revised 2008) Consolidated and Separate Financial Statements

The application of IAS 27 (Revised 2008) has resulted in changes in the Group's accounting policies regarding increases or decreases in ownership interests in subsidiaries of the Company. In prior years, in the absence of specific requirements in IFRSs, increases in interests in existing subsidiaries were treated in the same manner as the acquisition of subsidiaries, with goodwill or a bargain purchase gain being recognised where appropriate. The impact of decreases in interests in subsidiaries that did not involve loss of control (being the difference between the consideration received and the carrying amount of the share of net assets disposed of) was recognised in profit or loss. Under IAS 27 (Revised 2008), all increases or decreases in such interests are dealt with in equity, with no impact on goodwill or profit or loss.

When control of a subsidiary is lost as a result of transaction, event or other circumstance, the revised Standard requires that the Group derecognises all assets, liabilities and non-controlling interests at their carrying amount. Any retained interest in the former subsidiary is recognised at its fair value at the date the control is lost. A gain or loss on loss of control is recognised in profit or loss as the difference between the proceeds, if any, and these adjustments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In respect of the acquisition during the period of the remaining 2.86% equity interest in an existing subsidiary, 富邦工業(惠州)有限公司, by a wholly-owned subsidiary of the Company, the impact of the change in policy has been that the excess of approximately RMB151,090,000 between the consideration payable of RMB194,000,000 and the carrying amount of the non-controlling interests acquired has been charged directly in equity. Had the previous accounting policy been applied, this amount would have been recognised as goodwill in the consolidated statements of financial position.

The Group also applies IFRS 3 (Revised) *Business Combinations* prospectively to business combinations for which the acquisition date is on or after 1 January 2010.

As there was no transaction during the current interim period in which IFRS 3 (Revised) is applicable, the application of IFRS 3 (Revised) and the consequential amendments to other IFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

Results of the Group in future periods may be affected by future transactions for which IFRS 3 (Revised) and the consequential amendments to the other IFRSs are applicable.

The application of other new and revised IFRSs had no effect on the condensed consolidated financial statements of the Group for the current or prior accounting periods.

The Group has not early applied the following new or revised Standards, Amendments or Interpretations that have been issued but are not yet effective:

IFRSs (Amendments)	Improvements to IFRSs issued in 2010[1]
IAS 24 (Revised)	Related Party Disclosures[4]
IAS 32 (Amendment)	Classification of Rights Issues[2]
IFRS 1 (Amendment)	Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[3]
IFRS 9	Financial Instruments[5]
IFRIC-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement[4]
IFRIC-Int 19	Extinguishing Financial Liabilities with Equity Instruments[3]

1 Effective for annual periods beginning on or after 1 July 2010 and 1 January 2011, as appropriate
2 Effective for annual periods beginning on or after 1 February 2010
3 Effective for annual periods beginning on or after 1 July 2010
4 Effective for annual periods beginning on or after 1 January 2011
5 Effective for annual periods beginning on or after 1 January 2013

IFRS 9 *Financial Instruments* introduces new requirements for the classification and measurement of financial assets and will be effective from 1 January 2013, with earlier application permitted. The Standard requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be measured at either amortised cost or fair value. Specifically, debt investments that (i) are held within a business model whose objective is to collect the contractual cash flows and (ii) have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost. All other debt investments and equity investments are measured at fair value. The application of IFRS 9 might affect the classification and measurement of the Group's financial assets.

The directors of the Company anticipate that the application of other new and revised Standards, Amendments or Interpretations will have no material impact on the results and the financial position of the Group.

3. SEGMENT INFORMATION

The Group's operating segments, based on information reported to the Group's executive directors for the purposes of resource allocation and performance assessment, comprise principal ore processing plants located in Nantaizi and Luotuochang in Inner Mongolia, the People's Republic of China ("PRC") and exploration of gold mines activities in various places in the PRC, and are set out as follows:

(i) Ore processing plant in Nantaizi

(ii) Ore processing plant in Luotuochang

(iii) Exploration of gold mines#

\# In December 2009, April 2010 and June 2010, the Company acquired certain subsidiaries engaged in exploration activities in Yunnan, Jiangxi and Guangxi, the PRC. These and other exploration activities in the PRC are aggregated and presented under the segment of exploration of gold mines.

Information regarding these segments is reported below.

	Six months ended 30.6.2010				Six months ended 30.6.2009		
	Ore processing plant in Nantaizi RMB'000	Ore processing plant in Luotuochang RMB'000	Exploration of gold mines RMB'000	Total RMB'000	Ore processing plant in Nantaizi RMB'000	Ore processing plant in Luotuochang RMB'000	Total RMB'000
Revenue	383,486	195,221	—	578,707	285,920	118,265	404,185
Segment profit	348,044	149,635	—	497,679	224,246	75,576	299,822
Unallocated other income				3,725			3,215
Unallocated administrative expenses				(22,210)			(23,940)
Other expenses				(21,671)			—
Profit before taxation				457,523			279,097

Segment profit represents the pre-tax profit earned by each segment without allocation of central administrative cost, directors' salaries, certain bank interest income and release of financial guarantee liability. This is the measure reported to the Group's executive directors for the purposes of resource allocation and performance assessment.

3. SEGMENT INFORMATION (CONTINUED)

The following is an analysis of the Group's assets by operating segments:

	30.6.2010 RMB'000	31.12.2009 RMB'000
Ore processing plant in Nantaizi	**398,650**	387,792
Ore processing plant in Luotuochang	**214,626**	208,571
Exploration of gold mines	**1,205,422**	89,123
Total segment assets	**1,818,698**	685,486
Loans receivable	**—**	426,997
Unallocated bank balances and cash	**1,714,226**	1,956,743
Unallocated corporate assets	**18,987**	8,651
Total assets	**3,551,911**	3,077,877

4. PROFIT BEFORE TAXATION

	Six months ended 30.6.2010 RMB'000	 30.6.2009 RMB'000
Profit before taxation has been arrived at after charging:		
Amortisation of mining rights (included in cost of sales)	**5,488**	4,470
Amortisation of prepaid lease payments	**61**	63
Depreciation of property, plant and equipment	**11,973**	10,119
Equity-settled share-based payments expenses (included in administrative expenses)	**4,832**	10,131
Listing expenses	**—**	9,116
Exchange loss	**9,278**	—
and after crediting:		
Exchange gain	**—**	279
Interest income	**3,818**	533
Release of financial guarantee liability	**—**	2,393

Including in the other income is an aggregate amount of approximately RMB63,029,000 (six months ended 30.6.2009: approximately RMB8,551,000) representing tax concession granted by 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 at a rate of 17% (six months ended 30.6.2009: 3%).

Other expense mainly relates to consultancy service provided by independent professional firm for assessing the opportunities of exploration and evaluation projects.

5. TAXATION

The charge represents PRC Enterprise Income Tax calculated at 25% of taxable income.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

The Law of PRC on Enterprise Income Tax has imposed withholding tax upon the distribution of the profits earned by PRC subsidiaries from 1 January 2008 onwards to their non-PRC resident shareholders. At 30 June 2010, the aggregate amount of temporary differences associated with retained earnings from 1 January 2008 of the Company's PRC subsidiaries was approximately RMB1,105,812,000 (31.12.2009: approximately RMB732,107,000). Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of the temporary differences attributable to retained profits from 1 January 2008 of the Company's PRC subsidiaries amounting to approximately RMB938,573,000 (31.12.2009: approximately RMB564,868,000) 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.

6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended	
	30.6.2010	30.6.2009
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Earnings		
Earnings for the purposes of basic and diluted earnings per share (profit for the period attributable to owners of the Company)	**322,021**	197,852
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**773,876,859**	629,488,398
Effect of dilutive potential ordinary shares in respect of share options issued by the Company	**3,152,920**	—
Weighted average number of ordinary shares for the purpose of diluted earning per share	**777,029,779**	629,488,398

The calculation of weighted average number of ordinary shares for the purpose of basic earnings per share for the six months ended 30 June 2009 has been adjusted for the capitalisation issue in February 2009.

The calculation of diluted earnings per share for the six months ended 30 June 2009 does not assume the exercise of the Company's outstanding share options as its exercise price was higher than the average market price for the Company's share during that period.

7. INTERIM DIVIDEND

No dividend has been paid, declared or proposed by the Company for each of the six months ended 30 June 2009 and 30 June 2010.

8. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent approximately RMB29,785,000 (six months ended 30.6.2009: RMB37,342,000) on acquisition of property, plant and equipment.

9. TRADE AND OTHER RECEIVABLES

	30.6.2010 RMB'000	31.12.2009 RMB'000
Trade receivables	**30,726**	25,938
Deposits and prepayments	**2,258**	6,783
Other receivables	**1,696**	67
	34,680	32,788

The average credit period granted to the Group's customers is 30 days. The trade receivables as at 30 June 2010 and 31 December 2009 were aged within 30 days.

10. LOANS RECEIVABLE AND LOANS PAYABLE

In the prior year, the Group entered into two sets of loan arrangements on a back-to-back basis with two separate independent third parties and their respective affiliates in the PRC (the "Parallel Loan Arrangement").

Under the Parallel Loan Arrangement, the Group first advanced HK$415,163,000 and US$9,000,000 to the respective independent third parties. Upon receipt of the funds by the independent third parties, the affiliates of the independent third parties advanced forthwith funds of an equivalent amount in RMB427,398,000 to a PRC subsidiary of the Company.

The independent third parties were required to settle the outstanding loans receivable to the Group on demand by the Group. The PRC subsidiary of the Company was required to settle the outstanding loans payable to the affiliates of independent third parties on demand by the affiliates of the independent third parties, but only after the independent third parties had settled the loans receivable to the Group.

As there was no legally enforceable right of the Group to set off the loans receivable and loans payable, the loan amounts were presented separately in the consolidated statement of financial position as at 31 December 2009.

The loans receivable and loans payable were unsecured, interest-free and were fully settled during the current period.

11. TRADE AND OTHER PAYABLES

	30.6.2010 RMB'000	31.12.2009 RMB'000
Trade payables	—	430
Consideration payable to non-controlling shareholders for the acquisition of remaining interest in an existing subsidiary	194,000	—
Other payables	60,270	45,645
	254,270	46,075

The average credit period granted by the Group's suppliers is 30 to 60 days (31.12.2009: 30 to 60 days). The trade payables as at 31 December 2009 were aged within 60 days.

12. SHARE CAPITAL

	Number of ordinary shares	Amount HK$'000
Ordinary shares of HK$1 each:		
Authorised:		
At 1 January 2009, 31 December 2009 and 30 June 2010	1,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2009	441,943,715	441,944
Issue of shares by capitalisation of share premium account	113,856,285	113,856
Issue of shares at premium through initial public offering	104,200,000	104,200
At 30 June 2009	660,000,000	660,000
Exercise of share options	3,630,000	3,630
Issue of shares at a premium	105,000,000	105,000
At 31 December 2009	768,630,000	768,630
Issue of shares at a premium	36,526,213	36,526
At 30 June 2010	805,156,213	805,156

	30.6.2010 RMB'000	31.12.2009 RMB'000
Shown in the consolidated statement of financial position as	707,490	675,383

During the current period, the Company issued 36,526,213 ordinary shares of HK$1 each at a price of HK$12.67 per share, totalling HK$462,787,000 (equivalent to approximately RMB406,800,000) to independent third parties as part consideration of the acquisition of two subsidiaries as set out in note 14. The new shares rank pari passu with the existing shares then in issue.

13. SHARE-BASED PAYMENT TRANSACTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to a written resolution of the then sole shareholder passed on 30 January 2009 for the primary purpose of providing incentives to directors and eligible employees, and will remain in force for a period of ten years from the date of adoption of the Scheme. The following table discloses details of movements of the Company's share options during the period:

Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per share HK$	Number of share options Outstanding at 1.1.2010 and 30.6.2010
Directors	12.3.2009	12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	1,320,000
		12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	1,320,000
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	1,320,000
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	1,320,000
Employees	12.3.2009	12.3.2009–11.3.2010	12.3.2010–11.3.2014	6.25	2,310,000
		12.3.2009–11.3.2011	12.3.2011–11.3.2014	6.25	2,310,000
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	2,310,000
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	2,310,000
					14,520,000
Exercisable at end of the reporting period					3,630,000

During the period, the Group recognised share-based payment expenses of RMB4,832,000 (six months ended 30.6.2009: RMB10,131,000) in relation to the share options granted by the Company.

14. ACQUISITION OF SUBSIDIARIES

During the current period, the Group acquired assets and liabilities by way of acquisition of equity interest in the following subsidiaries which are not businesses:

(i) On 9 February 2010, a 97.14% owned subsidiary of the Company entered into an agreement with an independent third party 赤峰鑫拓礦業投資有限公司 to acquire 100% equity interest in 上饒市金石礦業科技開發有限公司 ("Jinshi Mining") for a cash consideration of RMB60,000,000. Jinshi Mining is a limited liability company registered in the PRC and is engaged in the exploration of gold mine in the PRC. Upon completion of the transaction in April 2010, Jinshi Mining became an indirectly owned subsidiary of the Company. Details of the transaction are set out in the Company's announcement dated 9 February 2010.

The principal asset of Jinshi Mining is an exploration permit covering one gold mine located in Hengfeng County, Shangrao City, Jiangxi Province, the PRC. Under the exploration permit, Jinshi Mining may conduct exploration of an area of 2.83km^2 within the covered area. The mine has potential gold resources estimated to be over 10,000 kg. The exploration permit will expire on 17 March 2011 and the management of the Company expects that it can be renewed without significant cost.

(ii) On 13 May 2010, a wholly-owned subsidiary of the Company entered into an agreement with an independent third party Win Triumph Investments Limited to acquire 100% equity interest in Great Future Investments Limited ("Great Future") for a cash consideration of US$70,000,000 (equivalent to approximately RMB478,100,000). Great Future is an investment holding company incorporated in the Cayman Islands whose principal asset is a 78.57% equity interest in 廣西金鼎礦業有限公司 ("Guangxi Jinding") which is a limited liability company registered in the PRC and is engaged in the exploration of gold mines in the PRC.

The principal assets of Guangxi Jinding are 13 exploration permits covering 13 gold mines located in Guangxi Zhuang Autonomous Region, the PRC. Under the exploration permits, Guangxi Jinding may conduct exploration of an area of totally 67.38km2 within the covered area. The exploration permits will expire ranged from 2 November 2010 to 12 March 2010 and the management of the Company expects that these can be renewed without significant cost.

On the same date, a 97.14% subsidiary of the Company entered into an agreement with two independent third parties to acquire 100% equity interest in 柳州市元義礦業有限責任公司 ("Yuanyi Mining") for an aggregate consideration of US$60,000,000 (equivalent to approximately RMB409,800,000) to be satisfied partly by cash of RMB3,000,000 and partly by the issuance of 36,526,213 new ordinary shares in the Company. The share price on these new ordinary shares was HK$12.67 per share, which is average price of the ten working days prior to 13 May 2010 based on the terms set out in the agreement. Yuanyi Mining is a limited liability company registered in the PRC and is engaged in the exploration of gold mine in Liuzhou, the PRC.

The principal asset of Yuanyi Mining is an exploration permit covering one gold mine located in Guangxi Zhuang Autonomous Region, the PRC. Under the exploration permit, Yuanyi Mining may conduct exploration of an area of totally 9.69km^2 within the covered area. The exploration permit will expire on 27 September 2011 and the management of the Company expects that it can be renewed without significant cost.

Details of these transactions are set out in the Company's announcements dated 13 May 2010 and 4 June 2010. Both transactions were completed in June 2010.

14. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Effect of the acquisitions is summarized as follows:

	Jinshi Mining RMB'000	Great Future RMB'000	Yuanyi Mining RMB'000	Total RMB'000
Consideration transferred:				
Cash paid	60,000	478,100	3,000	541,100
Ordinary shares of the Company issued	—	—	406,800	406,800
	60,000	478,100	409,800	947,900
Assets and liabilities recognised at the respective dates of acquisition:				
Non-current assets				
Property, plant and equipment	10	692	10	712
Exploration and evaluation assets	59,990	604,967	409,790	1,074,747
Current asset				
Bank balances and cash	—	2,843	—	2,843
	60,000	608,502	409,800	1,078,302
Non-controlling interests	—	(130,402)	—	(130,402)
	60,000	478,100	409,800	947,900
Net cash outflow arising on acquisition:				
Consideration paid in cash	60,000	478,100	3,000	541,100
Less: Bank balances and cash acquired	—	(2,843)	—	(2,843)
	60,000	475,257	3,000	538,257

15. CAPITAL COMMITMENT

	30.6.2010 RMB'000	31.12.2009 RMB'000
Capital expenditure in respect of exploration and mining projects:		
Contracted for but not provided in the condensed consolidated financial statements	—	9,493
Authorised but not contracted for	1,396,921	—
	1,396,921	9,493

16. RELATED PARTY DISCLOSURES

The remuneration of key management personnel of the Group, representing directors, during the period is as follows:

	Six months ended 30.6.2010 RMB'000	 30.6.2009 RMB'000
Short-term benefits	676	460
Post-employment benefits	17	20
Equity-settled share-based payments	2,013	4,221
	2,706	4,701

17. EVENTS AFTER THE END OF THE INTERIM PERIOD

On 24 June 2010, the Company entered into a placing and subscription agreement with Lead Honest Management Limited ("Lead Honest", a substantial controlling shareholder of the Company), Mr. Wu Rulin (the beneficial owner of Lead Honest) and an independent placing agent in connection with the placing of 100,000,000 existing ordinary shares of the Company held by Lead Honest at a placing price of HK$12.15 per share (the "Placing") and the subscription of 100,000,000 new ordinary shares in the Company (the "Subscription") by Lead Honest. On 7 July 2010, the Company announced that the Placing and the Subscription have been completed on 29 June 2010 and 7 July 2010 respectively. The net proceeds from the Subscription are approximately HK$1,186.3 million. Details of the transaction are set out in the Company's announcements dated 25 June 2010 and 7 July 2010.