



瑞金礦業  
Real Gold Mining Limited

# Real Gold Mining Limited 瑞金礦業有限公司

(Incorporated in the Cayman Islands with limited liability)  
Stock Code: 246

Interim Report 2013



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# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Lu Tianjun (*Chairman*)  
Mr. Ma Wenxue (*Vice Chairman & Chief Executive Officer*)  
Mr. Cui Jie (*Chief Financial Officer*)  
Mr. Li Qing  
Mr. Wang Chunqi (*Appointed on 18 April 2016*)  
Mr. Sean Zhang (*Appointed on 18 April 2016*)

### Independent Non-Executive Directors

Mr. Li Xiaoping  
Mr. Zhao Enguang  
Mr. Yang Yicheng  
Mr. Liu Aiguo (*Appointed on 23 May 2016*)

## NOMINATION AND REMUNERATION COMMITTEE

Mr. Zhao Enguang (*Chairman*)  
Mr. Li Xiaoping  
Mr. Yang Yicheng

## AUDIT AND RISK MANAGEMENT COMMITTEE

Mr. Li Xiaoping (*Chairman*)  
Mr. Zhao Enguang  
Mr. Yang Yicheng

## COMPANY SECRETARY

Mr. Leung Wai Chiu, Albert

## AUTHORIZED REPRESENTATIVES

Mr. Cui Jie  
Mr. Leung Wai Chiu, Albert

## INVESTOR RELATIONS CONTACT

Mr. Lawrence Kwan Wing Hung, CFA, AICPA  
Units 3601-03, 36/F., AIA Tower,  
183 Electric Road,  
North Point,  
Hong Kong  
E-mail: investorrelationship@realgoldmining.com

## AUDITORS

ZHONGHUI ANDA CPA Limited  
*Certified Public Accountants*  
Unit 701, 7/F., Citicorp Centre,  
18 Whitfield Road,  
Causeway Bay,  
Hong Kong

## LEGAL ADVISOR

*As to Hong Kong law*  
O'Melveny & Myers  
31st Floor, AIA Central,  
1 Connaught Road Central,  
Hong Kong

## REGISTERED OFFICE

Cricket Square,  
Hutchins Drive,  
P.O. Box 2681,  
Grand Cayman KY1-1111,  
Cayman Island

# CORPORATE INFORMATION (CONTINUED)

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 3601-03, 36/F., AIA Tower,  
183 Electric Road,  
North Point,  
Hong Kong

## HEADQUARTERS OF THE COMPANY

4th Floor, Southern Block,  
243 Dizhi Zonghe Building,  
No.75 Yulong Street,  
Xincheng District, Chifeng City,  
Inner Mongolia,  
The People's Republic of China

## PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited  
4th Floor, Royal Bank House,  
24 Shedden Road,  
George Town,  
Grand Cayman KY1-1110,  
Cayman Islands

## HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716,  
17th Floor,  
Hopewell Centre,  
183 Queen's Road East,  
Wanchai,  
Hong Kong

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
Bank of China Tower Branch  
China Guangfa Bank (formerly known as Guangdong  
Development Bank)  
Huizhou Branch  
Hang Seng Bank  
Beijing Branch  
Industrial and Commercial Bank of China Limited  
Chifeng Songshan District Branch  
Ping An Bank (formerly known as Shenzhen  
Development Bank)  
Offshore Business Department  
Shanghai Pudong Development Bank  
Huizhou Branch

## STOCK NAME

Real Gold Mining Limited  
(RealGold Mining)

## STOCK CODE

246

## WEBSITE OF THE COMPANY

[www.realgoldmining.com](http://www.realgoldmining.com)

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

Real Gold Mining Limited (the “Company”) and its subsidiaries (together, the “Group” or “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 until the board of directors (the “Board”) decided in July 2014 to suspend its mining activities. The ore processing facility located at Luotuochang Gold Mine (“Luotuochang Processing Plant”) processed ore from Luotuochang Gold Mine when it was in operation.

## OPERATION REVIEW

	Jan-13	Feb-13	Mar-13	Apr-13	May-13	Jun-13	1H13	1H12	YoY
<b>Shirengou-Nantaizi Processing Plant</b>									
Average Daily Capacity (t/day)	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	
Utilization Rate (%)	99.1	99.5	99.7	99.7	99.7	99.5	99.6	99.1	
Production Days (Days)	9.3	9.0	16.0	16.0	18.0	18.0	86.3	141.3	-39%
Ore Processed (kt)	13.6	13.3	23.6	23.6	26.6	26.5	127.1	207.3	-39%
Average Gold Grade (g/t)	3.1	2.2	2.2	2.6	2.7	2.2	2.5	5.7	-57%
Average Recovery Rate (%)	71.1	69.6	70.3	73.0	73.9	71.3	71.9	77.1	-7%
Payable Gold (koz)	0.9	0.6	1.2	1.4	1.7	1.3	7.2	29.2	-75%
Equivalent Gold (koz)	1.2	0.8	1.5	1.7	2.1	1.7	9.0	36.2	-75%
<b>Luotuochang Processing Plant</b>									
Average Daily Capacity (t/day)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	
Utilization Rate (%)	99.9	99.0	99.5	99.0	100.5	99.7	99.7	100.3	
Production Days (Days)	10.0	15.0	25.0	28.0	27.0	28.0	133.0	134.5	-1%
Ore Processed (kt)	11.0	16.3	27.4	30.5	29.9	30.7	145.8	148.4	-2%
Average Gold Grade (g/t)	1.6	1.5	1.5	1.5	1.6	1.6	1.5	2.6	-41%
Average Recovery Rate (%)	81.8	77.9	76.7	76.9	77.4	77.3	77.5	83.6	-7%
Payable Gold (koz)	0.5	0.6	1.0	1.1	1.2	1.2	5.6	10.2	-45%
Equivalent Gold (koz)	0.8	1.1	1.7	1.9	1.9	2.0	9.3	17.9	-48%
<b>Total Payable Gold (koz)</b>	<b>1.4</b>	<b>1.2</b>	<b>2.2</b>	<b>2.5</b>	<b>2.9</b>	<b>2.5</b>	<b>12.8</b>	<b>39.3</b>	<b>-67%</b>
<b>Total Produced Equivalent Gold (koz)</b>	<b>2.0</b>	<b>1.9</b>	<b>3.2</b>	<b>3.6</b>	<b>4.1</b>	<b>3.7</b>	<b>18.3</b>	<b>54.1</b>	<b>-66%</b>

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## OPERATIONAL CONDITIONS OF THE SHIRENGOU-NANTAIZI PROCESSING PLANT

The total amount of ore processed for the six months ended 30 June 2013 was approximately 127,100 tonnes, representing a decrease of approximately 39% from the same period of 2012.

The average gold grade for the six months ended 30 June 2013 was approximately 2.5 grams per tonne, and the average recovery rate was around 71.9%.

The total production of payable gold and equivalent gold for the six months ended 30 June 2013 was approximately 7,200 ounces and 9,000 ounces respectively, representing a decrease of approximately 75% and 75% respectively from the same period of 2012.

The decrease in the total production of payable gold in Shirengou-Nantaizi Processing Plant was mainly due to the following factors:

- (a) Decrease in average gold grade caused by the reasons below:
  - (i) Increase in dilution. As the mining depth deepened, ore-control fault structures changed, which resulted in more heavily fracturing ore bodies and instability of the hanging wall. Therefore, ores were easily mixed with a large number of country rocks at the time of mining, which led to the decrease of ore grade.
  - (ii) Decrease of geological grade in some parts of the ore bodies. It was verified that in the deeper area of the ore drift, geological grade in some parts of the ore bodies decreased, and in turn the ore grade also decreased.
- (b) Decrease in average recovery rate owing to lower grade of raw ores.
- (c) Less quantity of ores was processed owing to the mining halt at Shirengou Gold Mine as a result of an electricity outage during the period from October 2012 until June 2013 relating to a revamp project implemented by the local electricity authority.

The decrease in the total production of equivalent gold in Shirengou-Nantaizi Processing Plant was mainly due to the decrease in the total production of payable gold which formed part of the total production of equivalent gold, coupled with the decrease in the production of other metals.

## OPERATIONAL CONDITIONS OF THE LUOTUOCHANG PROCESSING PLANT

The total amount of ore processed for the six months ended 30 June 2013 was approximately 145,800 tonnes, representing a decrease of approximately 2% from the same period of 2012.

The average gold grade for the six months ended 30 June 2013 was approximately 1.5 grams per tonne, and the average recovery rate was approximately 77.5%.

The total production of payable gold and equivalent gold for the six months ended 30 June 2013 was approximately 5,600 ounces and 9,300 ounces respectively, representing a decrease of approximately 45% and 48% respectively from the same period of 2012.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The decrease in the total production of payable gold in Luotuochang Processing Plant was mainly due to the following factors:

- (a) Decrease in average gold grade.
- (b) Decrease in average recovery rate owing to lower grade of raw ores.

The decrease in the total production of equivalent gold in Luotuochang Processing Plant was mainly due to the decrease in the total production of payable gold which formed part of the total production of equivalent gold, coupled with the decrease in the production of other metals.

Overall, the Company produced approximately 12,800 ounces of payable gold and approximately 18,300 ounces of equivalent gold for the six months ended 30 June 2013, representing a decrease of approximately 67% and 66% respectively from the same period of 2012.

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. The mining activities at Luotuochang Gold Mine and the operation of Luotuochang Processing Plant remain suspended as at the date of this interim report.

## UPDATE ON THE ACTIVITIES AT THE OTHER GOLD MINES OF THE GROUP

As at the date of this interim report, the Company also owns 70% of the equity interest in Gaotaizi Gold Mine in Inner Mongolia. As mentioned in the Company's announcement dated 6 May 2015, Chifeng Fuqiao Mining Co. Limited\* ("Chifeng Fuqiao") (赤峰富橋礦業有限公司), 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 Inner Mongolia Siziwangqi Gaotai Mining Company Limited\* ("Gaotai Mining") (內蒙古四子王旗高台礦業有限責任公司), which owns Gaotaizi Gold Mine. 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 interim report, 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.

\* For identification purpose only



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## FINANCIAL REVIEW

### Revenue

The unaudited revenue of the Group decreased from approximately RMB451.2 million for the six months ended 30 June 2012 to approximately RMB130.5 million for the same period of 2013. The decrease was mainly due to less quantity of ores processed, the decreases in the average prices of gold, gold grade, as well as average recovery rate.

### Cost of sales

Cost of sales was approximately RMB183.8 million for the six months ended 30 June 2013, decreased from approximately RMB210.3 million for the same period of 2012. Cost of sales 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 six months ended 30 June 2013, our cost of sales accounted for approximately 140.8% of our total revenue, increasing from approximately 46.6% for the same period of 2012, owing to the significant decrease of revenue.

### Gross loss/profit and gross margin

As a result of the foregoing, gross loss was approximately RMB53.3 million and gross margin was approximately -40.8% for the six months ended 30 June 2013. For the six months ended 30 June 2012, gross profit was approximately RMB240.9 million and gross margin was approximately 53.4%.

### Other income

Other income decreased from approximately RMB82.3 million for the six months ended 30 June 2012 to approximately RMB33.2 million for the same period of 2013.

Other income for the six months ended 30 June 2013 consisted mainly of government subsidies of approximately RMB15.5 million, interest income of approximately RMB9.4 million arising from amounts due from debtors and bank interest income of approximately RMB7.3 million.

Other income for the six months ended 30 June 2012 consisted mainly of government subsidies of approximately RMB56.0 million, interest income of approximately RMB9.5 million arising from loans to a shareholder, exchange gain of approximately RMB8.5 million and bank interest income of approximately RMB8.3 million.

The government subsidies were in the form of a benefit from tax concession granted to us by the government of the People's Republic of China (the "PRC") to encourage the development of the gold industry. The decrease in government subsidies was due to the decrease in revenue.

### Administrative expenses

Administrative expenses decreased from approximately RMB44.3 million for the six months ended 30 June 2012 to approximately RMB28.2 million for the same period of 2013.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The administrative expenses for the six months ended 30 June 2013 primarily represented equity-settled share-based payment expenses of approximately RMB8.7 million (six months ended 30 June 2012: RMB15.4 million), salaries paid and payable to, and benefits for, our administrative and management staff of approximately RMB10.7 million (six months ended 30 June 2012: RMB11.0 million) and professional fees of approximately RMB4.4 million (six months ended 30 June 2012: RMB13.6 million).

Equity-settled share-based payment expenses decreased from approximately RMB15.4 million for the six months ended 30 June 2012 to approximately RMB8.7 million for the same period of 2013 as fewer share options were involved in the calculation of the expense for the six months ended 30 June 2013 than the same period of 2012.

## Other expenses

Other expenses increased from approximately RMB171.4 million for the six months ended 30 June 2012 to approximately RMB222.4 million for the same period of 2013.

Other expenses for the six months ended 30 June 2013 represented impairment losses on property, plant and equipment of approximately RMB128.3 million, impairment losses on exploration and evaluation assets of approximately RMB71.7 million and exchange loss of approximately RMB22.4 million.

Other expenses for the six months ended 30 June 2012 represented impairment losses on property, plant and equipment of approximately RMB90.4 million and impairment losses on exploration and evaluation assets of approximately RMB81.0 million.

Impairment losses were recognized as the investments in property, plant and equipment, mining rights and exploration and evaluation assets were not expected to provide the required return. More impairment losses were recognized for the six months ended 30 June 2013 than the same period of 2012 as there was more such investments for the six months ended 30 June 2013. Exchange difference arose primarily from the translation and the settlement of monetary items such as bank balances and amounts due from debtors denominated in currencies other than Renminbi ("RMB"). Exchange loss was recognized as Hong Kong dollars ("HKD") and United State dollars depreciated in the six months ended 30 June 2013 against RMB.

## Income tax expense

Tax expenses were approximately RMB0.5 million and RMB69.6 million for the six months ended 30 June 2013 and 2012 respectively, representing income tax on taxable profits produced by the companies of the Group in the PRC, less any tax losses brought forward from prior years, the net amount being taxed at the PRC's Enterprise Income Tax rate of 25%.

## Loss/profit and total comprehensive loss/income for the period attributable to owners

Loss and total comprehensive loss attributable to owners of the Company for the six months ended 30 June 2013 was approximately RMB256.8 million (six months ended 30 June 2012: profit and total comprehensive income attributable to owners of the Company was approximately RMB52.9 million).

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Cash flows

For the six-month periods ended 30 June 2013 and 2012, 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 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.

The following table sets out certain information regarding our condensed consolidated statement of cash flows for the six-month periods ended 30 June 2013 and 2012:

	<b>For the six months ended</b>	
	<b>30 June 2013</b> RMB'000 (Unaudited)	30 June 2012 RMB'000 (Unaudited)
Net cash (used in)/generated from operating activities	<b>(124,623)</b>	252,788
Net cash generated from/(used in) investing activities	<b>26,052</b>	(171,442)
Net (decrease)/increase in cash and cash equivalents	<b>(98,571)</b>	81,346
Cash and cash equivalents at beginning of period	<b>2,766,249</b>	2,805,120
Cash and cash equivalents at end of period	<b>2,667,678</b>	2,886,466

Cash and cash equivalents decreased in the amount of approximately RMB98.5 million from approximately RMB2,766.2 million as at 31 December 2012 to approximately RMB2,667.7 million as at 30 June 2013.

Approximately RMB124.6 million was used in operating activities for the six months ended 30 June 2013. Net cash used in operating activities was the cash flow relating to cash outflow in respect of loss before tax adjusted for items not involving movement of cash, cash inflow in respect of the decrease in working capital under operating activities and cash outflow in respect of income tax paid.

Net cash generated from investing activities amounted to approximately RMB26.1 million for the six months ended 30 June 2013, of which approximately RMB128.7 million related to the cash outflow in respect of the additions of property, plant and equipment, approximately RMB98.2 million related to the cash outflow in respect of the additions of exploration and evaluation assets and partially being offset by the cash inflow of approximately RMB253.0 million related to the repayment of amounts due from debtors.

No cash was generated from or used in financing activities for the six months ended 30 June 2013.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Borrowings

As at 30 June 2013 and 31 December 2012, 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 as at 30 June 2013 and 31 December 2012.

## Use of net proceeds from the Company's IPO

The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (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 30 June 2013, 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 2011 to 30 June 2013	—	—	—	—	—	—
Balance as at 30 June 2013	—	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.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Capital expenditure

For the six months ended 30 June 2013, the Group invested approximately RMB128.7 million mainly in the construction of mining structures, property, plant and equipment at the mines in operation, and the capital expenditure (including exploration expenditure) incurred for Yantang-Yandan Mining Complex amounted to approximately RMB98.2 million.

For the six months ended 30 June 2012, the Group invested approximately RMB90.4 million mainly in the construction of mining structures, property, plant and equipment at the mines in operation, and the capital expenditure (including exploration expenditure) incurred for Yangchangbian Mine and Yantang-Yandan Mining Complex amounted to approximately RMB1.0 million and RMB80.0 million respectively.

## Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2013 and 31 December 2012.

## Capital commitment

As at 30 June 2013, we had capital commitment of capital expenditure contracted for but not provided in the condensed consolidated financial statements of approximately RMB604.0 million (31 December 2012: RMB585.1 million) in respect of exploration projects.

## Financial instruments

The Company did not have any hedging contracts or financial derivatives outstanding as at 30 June 2013 and 31 December 2012.

## Segment analysis

Segment information is disclosed in Note 3 to the condensed consolidated financial statements set out in this interim report.

## Employees and emoluments policy

As at 30 June 2013, the number of employees of the Group was 491 (31 December 2012: 552). For the six months ended 30 June 2013, the staff cost (including directors' remuneration in the form of salaries, equity-settled share-based payment expenses and other allowances but excluding sub-contracting labour cost) was approximately RMB27.8 million (six months ended 30 June 2012: RMB33.4 million).

The Group's emolument policies are formulated based on the performance of individual employee and 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.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The following table discloses details of movements of the Company's share options held by directors, chief executive officer and employees of the Company during the six months ended 30 June 2013:

Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per share HKD	Number of share options					
					Outstanding at 1.1.2013	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 30.06.2013	
Lu Tianjun ( <i>Director</i> )	12.3.2009	12.3.2009-11.3.2011	12.3.2011-11.3.2014	6.25	330,000	—	—	—	330,000	
		12.3.2009-11.3.2012	12.3.2012-11.3.2014	6.25	330,000	—	—	—	330,000	
		12.3.2009-11.3.2013	12.3.2013-11.3.2014	6.25	330,000	—	—	—	330,000	
	12.5.2011	12.5.2011-31.12.2013	1.1.2014-31.12.2018	10.17	330,000	—	—	—	330,000	
		12.5.2011-31.12.2014	1.1.2015-31.12.2018	10.17	330,000	—	—	—	330,000	
		12.5.2011-31.12.2015	1.1.2016-31.12.2018	10.17	330,000	—	—	—	330,000	
		12.5.2011-31.12.2016	1.1.2017-31.12.2018	10.17	330,000	—	—	—	330,000	
		12.5.2011-31.12.2017	1.1.2018-31.12.2018	10.17	330,000	—	—	—	330,000	
	Ma Wenxue ( <i>Director &amp; Chief Executive Officer</i> )	12.3.2009	12.3.2009-11.3.2011	12.3.2011-11.3.2014	6.25	330,000	—	—	—	330,000
			12.3.2009-11.3.2012	12.3.2012-11.3.2014	6.25	330,000	—	—	—	330,000
12.3.2009-11.3.2013			12.3.2013-11.3.2014	6.25	330,000	—	—	—	330,000	
12.5.2011		12.5.2011-31.12.2013	1.1.2014-31.12.2018	10.17	330,000	—	—	—	330,000	
		12.5.2011-31.12.2014	1.1.2015-31.12.2018	10.17	330,000	—	—	—	330,000	
		12.5.2011-31.12.2015	1.1.2016-31.12.2018	10.17	330,000	—	—	—	330,000	
		12.5.2011-31.12.2016	1.1.2017-31.12.2018	10.17	330,000	—	—	—	330,000	
		12.5.2011-31.12.2017	1.1.2018-31.12.2018	10.17	330,000	—	—	—	330,000	
Cui Jie ( <i>Director</i> )		12.3.2009	12.3.2009-11.3.2011	12.3.2011-11.3.2014	6.25	330,000	—	—	—	330,000
			12.3.2009-11.3.2012	12.3.2012-11.3.2014	6.25	330,000	—	—	—	330,000
	12.3.2009-11.3.2013		12.3.2013-11.3.2014	6.25	330,000	—	—	—	330,000	
	12.5.2011	12.5.2011-31.12.2013	1.1.2014-31.12.2018	10.17	330,000	—	—	—	330,000	
		12.5.2011-31.12.2014	1.1.2015-31.12.2018	10.17	330,000	—	—	—	330,000	
		12.5.2011-31.12.2015	1.1.2016-31.12.2018	10.17	330,000	—	—	—	330,000	
		12.5.2011-31.12.2016	1.1.2017-31.12.2018	10.17	330,000	—	—	—	330,000	
		12.5.2011-31.12.2017	1.1.2018-31.12.2018	10.17	330,000	—	—	—	330,000	
	Li Qing ( <i>Director</i> )	12.5.2011	12.5.2011-31.12.2011	1.1.2012-31.12.2016	10.17	330,000	—	—	—	330,000
			12.5.2011-31.12.2012	1.1.2013-31.12.2016	10.17	330,000	—	—	—	330,000
12.5.2011-31.12.2013			1.1.2014-31.12.2016	10.17	330,000	—	—	—	330,000	
12.5.2011-31.12.2014			1.1.2015-31.12.2016	10.17	330,000	—	—	—	330,000	
12.5.2011-31.12.2015			1.1.2016-31.12.2016	10.17	330,000	—	—	—	330,000	
Employees	12.3.2009	12.3.2009-11.3.2011	12.3.2011-11.3.2014	6.25	1,320,000	—	—	—	1,320,000	
		12.3.2009-11.3.2012	12.3.2012-11.3.2014	6.25	1,320,000	—	—	—	1,320,000	
		12.3.2009-11.3.2013	12.3.2013-11.3.2014	6.25	1,320,000	—	—	—	1,320,000	
	12.5.2011	12.5.2011-31.12.2011	1.1.2012-31.12.2016	10.17	5,070,000	—	—	—	5,070,000	
		12.5.2011-31.12.2012	1.1.2013-31.12.2016	10.17	5,070,000	—	—	—	5,070,000	
		12.5.2011-31.12.2013	1.1.2014-31.12.2016	10.17	5,070,000	—	—	—	5,070,000	
		12.5.2011-31.12.2014	1.1.2015-31.12.2016	10.17	5,070,000	—	—	—	5,070,000	
		12.5.2011-31.12.2015	1.1.2016-31.12.2016	10.17	5,070,000	—	—	—	5,070,000	
	Total					38,880,000	—	—	—	38,880,000

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Rich Vision Pledges

During the period from 8 May 2012 to 8 January 2013, Rich Vision Holdings Limited (“Rich Vision”), a wholly-owned subsidiary of the Company had pledged, on 18 occasions, certain bank deposits of Rich Vision (the “Pledges”) to Ping An Bank, Shenzhen Shuibezhubao branch, PRC (“Ping An Bank”), and the creation of the Pledges were only discovered by the Company’s management in March 2013. Each and every of the Pledges has subsequently been released by Ping An Bank. Pursuant to the PRC legal opinion issued by the PRC legal adviser, the Pledges were invalid under PRC Contract Law and the applicable PRC laws and regulations on foreign exchange administration. Further information relating to the Pledges and the irregular pledging activities was set out in the Company’s announcement dated 23 May 2013. As part of the follow-up actions, it was agreed with FTI Consulting (Hong Kong) Limited (“FTI”), the independent forensic specialist engaged by the Company, that the scope of work undertaken by FTI would include investigating into the circumstances leading to the creation of the Pledges. On 30 May 2014, FTI finalized a report in respect of its investigations, and the key findings were disclosed in the announcement of the Company dated 19 June 2014.

## Dividend

No interim dividend was recommended by the Board for the six-month periods ended 30 June 2013 and 2012.

## 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 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.

## FOREIGN EXCHANGE RISK

The Group has foreign currency transactions which expose the Group to market risk arising from changes in foreign exchange rates. We conduct our operations in the PRC and RMB is the functional and presentation currency of the Company. During the six months ended 30 June 2013, the Group had bank balances, as well as balances of amounts due from debtors 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 six months ended 30 June 2013.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 30 June 2013, the directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"):

### Long positions in share options

Name	Capacity	Number of options held	Number of underlying shares
Lu Tianjun ( <i>Director</i> )	Beneficial owner	2,640,000	2,640,000
Ma Wenxue ( <i>Director &amp; Chief Executive Officer</i> )	Beneficial owner	2,640,000	2,640,000
Cui Jie ( <i>Director</i> )	Beneficial owner	2,640,000	2,640,000
Li Qing ( <i>Director</i> )	Beneficial owner	1,650,000	1,650,000

Other than as disclosed above, as at 30 June 2013, so far as known to any directors or chief executive of the Company, neither the directors nor the chief executive, 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 SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.



# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## SUBSTANTIAL SHAREHOLDERS, AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2013 and 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 HKD1.00 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 <i>(Note i)</i>	Beneficial owner	479,376,000	52.75%	234,376,000	25.79%
Tercel Holdings Limited <i>(Note i)</i>	Interest of controlled corporation	479,376,000	52.75%	234,376,000	25.79%
Credit Suisse Trust Limited <i>(Note i)</i>	Trustee	479,376,000	52.75%	234,376,000	25.79%
Wu Ruilin <i>(Note i)</i>	Founder of a discretionary trust	479,376,000	52.75%	234,376,000	25.79%
Citigroup Inc. <i>(Note ii &amp; iii)</i>	Interest of controlled corporation	110,275,985	12.13%	107,409,129	11.82%
	Custodian corporation/ approved lending agent	242,395,448	26.67%	N/A	N/A
	Person having a security interest	362,000	0.04%	N/A	N/A
Value Partners Limited <i>(Note iv)</i>	Investment manager	77,678,000	8.54%	N/A	N/A
Value Partners Group Limited <i>(Note iv)</i>	Interest of controlled corporation	77,678,000	8.54%	N/A	N/A

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

<b>Name of shareholder</b>	<b>Capacity</b>	<b>Long position number of ordinary shares</b>	<b>Long position percentage of the issued share capital of the Company</b>	<b>Short position number of ordinary shares</b>	<b>Short position percentage of the issued share capital of the Company</b>
Cheah Capital Management Limited <i>(Note iv)</i>	Interest of controlled corporation	77,678,000	8.54%	N/A	N/A
Cheah Company Limited <i>(Note iv)</i>	Interest of controlled corporation	77,678,000	8.54%	N/A	N/A
Hang Seng Bank Trustee International Limited <i>(Note iv)</i>	Trustee	77,678,000	8.54%	N/A	N/A
Cheah Cheng Hye <i>(Note iv)</i>	Founder of a discretionary trust	77,678,000	8.54%	N/A	N/A
To Hau Yin <i>(Note iv)</i>	Interest of spouse of a substantial shareholder	77,678,000	8.54%	N/A	N/A
Victory Gold Management Inc. <i>(Note v)</i>	Beneficial owner	113,125,333	12.44%	N/A	N/A
Shi Guangwei <i>(Note v)</i>	Interest of controlled corporation	113,125,333	12.44%	N/A	N/A
Quanmin Investments Limited <i>(Note vi)</i>	Beneficial owner	226,250,667	24.90%	N/A	N/A
Lv Dezhi <i>(Note vi)</i>	Interest of controlled corporation	226,250,667	24.90%	N/A	N/A

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## Equity derivative interests in ordinary shares of HKD1.00 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	11.55%	107,408,809	11.82%
Tercel Holdings Limited (Note i)	105,000,000	11.55%	107,408,809	11.82%
Credit Suisse Trust Limited (Note i)	105,000,000	11.55%	107,408,809	11.82%
Wu Ruilin (Note i)	105,000,000	11.55%	107,408,809	11.82%
Citigroup Inc. (Note ii & iii)	107,850,676	11.87%	105,000,000	11.55%

*Notes:*

(i) As at 30 June 2013, Lead Honest Management Limited was 100% controlled by Tercel Holdings Limited, which in turn was 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 8,019,448 shares, representing 0.88% 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 110,259,485 shares of the Company and a short 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 Citigroup Global Markets Pacific Holding Company Inc.; both Citigroup Global Markets (International) Finance AG and Citigroup Global Markets 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 378,500 shares of the Company and a short position of 320 shares of the Company. Citigroup Global Markets Ltd. was controlled by Citigroup Global Markets Europe Ltd. which was controlled by Citigroup Global Markets (International) Finance AG, Citigroup Financial Products Inc. and Citigroup Global Markets International LLC; both Citigroup Global Markets (International) Finance AG and Citigroup Global Markets International LLC 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 Citigroup Global Markets Pacific Holding Company Inc., was deemed to be interested in a long position of 110,259,485 shares of the Company and a short position of 107,408,809 shares of the Company.

Citigroup Global Markets Europe Ltd. was deemed to be interested in a long position of 378,500 shares of the Company and a short position of 320 shares of the Company.

Citigroup Global Markets Pacific Holding Company Inc. was deemed to be interested in a long position of 110,259,485 shares of the Company and a short position of 107,408,809 shares of the Company.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Citigroup Global Markets (International) Finance AG was deemed to be interested in a long position of 110,637,985 shares of the Company and a short position of 107,409,129 shares of the Company.

Citigroup Global Markets International LLC was deemed to be interested in a long position of 378,500 shares of the Company and a short position of 320 shares of the Company.

Citigroup Financial Products Inc. was deemed to be interested in a long position of 110,637,985 shares of the Company and a short position of 107,409,129 shares of the Company.

Citibank N.A. was interested in a long position of 242,395,448 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 242,395,448 shares of the Company

- (iv) As at 30 June 2013, Value Partners Limited was 100% controlled by Value Partners Group Limited, which in turn was 28.47% controlled by Cheah Capital Management Limited, which in turn was 100% controlled by Cheah Company Limited, which in turn was 100% controlled by Hang Seng Bank Trustee International Limited. Hang Seng Bank Trustee International Limited was the trustee of the C H Cheah Family Trust, of which Mr. Cheah Cheng Hye was the founder. Ms. To Hau Yin was the spouse of Mr. Cheah Cheng Hye.
- (v) As at 30 June 2013, Victory Gold Management Inc. was 100% controlled by Mr. Shi Guangwei.
- (vi) As at 30 June 2013, Quanmin Investments Limited was 100% controlled by Mr. Lv Dezhi.

Other than as disclosed above, as at 30 June 2013, 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 as set out in Appendix 10 of the Rules Governing the Listing Rules of Securities on the Stock Exchange (the "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, the Board confirmed that they have complied with the required standard of dealings as set out in the Model Code during the six months ended 30 June 2013.

# MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

## CODE OF CORPORATE GOVERNANCE PRACTICES

The Company acknowledges the need for and importance of corporate governance as one of the key elements in enhancing value for shareholders of the Company. The Company is committed to improving its corporate governance practices in compliance with regulatory requirements. The Company has adopted the Corporate Governance Code as set out in Appendix 14 of the Listing Rules ("CG Code") to regulate the corporate governance issues of the Group. The Board has reviewed the Company's corporate governance practices for the six months ended 30 June 2013 (the "Reporting Period"), and has formed the opinion that the Company, throughout the Reporting Period, has complied with the code provisions ("Code Provisions") as set out in the CG Code except for the following deviations:

### Relevant Code

Provisions	Deviations from the relevant Code Provisions	Remedial Actions
C1.2	No monthly updates about the Company had been given to the directors during the Reporting Period.	The Company has been in compliance with this code provision since the management started to provide the directors with monthly management accounts of the Companies and its subsidiaries starting from July 2015.
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.

## AUDIT AND RISK MANAGEMENT COMMITTEE

The Company has established an Audit and Risk Management Committee for the purposes of reviewing and providing supervision over the Company's financial reporting process and internal controls.

The unaudited interim results of the Group for the six months ended 30 June 2013 have been reviewed by the Audit and Risk Management Committee (comprising Mr. Li Xiaoping (the Chairman), Mr. Zhao Enguang and Mr. Yang Yicheng as at the date of this interim report).

# INDEPENDENT REVIEW REPORT



**TO THE BOARD OF DIRECTORS OF REAL GOLD MINING LIMITED**

*(Incorporated in the Cayman Islands with limited liability)*

## INTRODUCTION

We have reviewed the interim financial information set out on pages 22 to 34 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The 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 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 inquiries, 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.

# INDEPENDENT REVIEW REPORT (CONTINUED)

## EMPHASIS OF MATTER

We draw attention to note 8 to the interim financial information which describes the uncertainty related to the successful renewal of 3 exploration permits with Department of Land and Resources of the Guangxi Zhuang Autonomous Region in China continuously at insignificant cost. Our conclusion is not qualified in respect of this matter.

### **ZHONGHUI ANDA CPA Limited**

*Certified Public Accountants*

### **Ng Ka Lok**

Practising Certificate Number P06084

Hong Kong, 30 May 2016

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended	
		30 June 2013 RMB'000 (Unaudited)	30 June 2012 RMB'000 (Unaudited)
<b>Revenue</b>		<b>130,518</b>	451,171
Cost of sales		<b>(183,812)</b>	(210,318)
<b>Gross (loss)/profit</b>		<b>(53,294)</b>	240,853
Other income		<b>33,190</b>	82,259
Administrative expenses		<b>(28,184)</b>	(44,262)
Other expenses		<b>(222,429)</b>	(171,442)
<b>(Loss)/Profit before tax</b>	4	<b>(270,717)</b>	107,408
Income tax expense	5	<b>(455)</b>	(69,581)
<b>(Loss)/Profit and total comprehensive (loss)/income for the period</b>		<b>(271,172)</b>	37,827
<b>(Loss)/Profit and total comprehensive (loss)/income for the period attributable to:</b>			
Owners of the Company		<b>(256,792)</b>	52,943
Non-controlling interests		<b>(14,380)</b>	(15,116)
		<b>(271,172)</b>	37,827
<b>(Loss)/Earnings per share</b>			
Basic	6	<b>(RMB28.26 cents)</b>	RMB5.83 cents
Diluted	6	<b>(RMB28.26 cents)</b>	RMB5.81 cents



# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at	
		30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
<b>Non-current assets</b>			
Property, plant and equipment	7	981	825
Mining rights		—	—
Exploration and evaluation assets	8	506,668	480,170
Prepaid land lease payments		2,724	2,753
		<b>510,373</b>	483,748
<b>Current assets</b>			
Prepaid land lease payments		62	62
Inventories		15,105	11,439
Trade and other receivables	9	459,285	682,322
Bank and cash balances		2,667,678	2,766,249
		<b>3,142,130</b>	3,460,072
<b>Current liabilities</b>			
Other payables		99,170	117,297
Current tax liabilities		198	10,885
		<b>99,368</b>	128,182
<b>Net current assets</b>		<b>3,042,762</b>	3,331,890
<b>Total assets less current liabilities</b>		<b>3,553,135</b>	3,815,638
<b>Non-current liabilities</b>			
Provision for restoration cost		9,094	9,094
Deferred tax liabilities		16,724	16,724
		<b>25,818</b>	25,818
<b>NET ASSETS</b>		<b>3,527,317</b>	3,789,820
<b>Capital and reserves</b>			
Share capital		797,619	797,619
Reserves		2,725,714	2,973,837
Equity attributable to owners of the Company		<b>3,523,333</b>	3,771,456
Non-controlling interests		3,984	18,364
<b>TOTAL EQUITY</b>		<b>3,527,317</b>	3,789,820

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2013

	Attributable to owners of the Company								Non-Controlling interests	Total equity
	Share capital	Share premium	Statutory reserve	Capital reserve	Other reserve	Share options reserve	Retained profits	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2012 (audited)	797,619	2,428,631	73,165	12,221	(143,287)	52,829	585,233	3,806,411	39,953	3,846,364
Loss and total comprehensive loss for the period (unaudited)	—	—	—	—	—	—	52,943	52,943	(15,116)	37,827
Recognition of equity-settled share-based payment expenses (unaudited)	—	—	—	—	—	15,437	—	15,437	—	15,437
Appropriation to reserve (unaudited)	—	—	—	2,825	—	—	(2,825)	—	—	—
Changes in equity for the period (unaudited)	—	—	—	2,825	—	15,437	50,118	68,380	(15,116)	53,264
At 30 June 2012 (unaudited)	797,619	2,428,631	73,165	15,046	(143,287)	68,266	635,351	3,874,791	24,837	3,899,628
At 1 January 2013 (audited)	<b>797,619</b>	<b>2,428,631</b>	<b>73,165</b>	<b>18,119</b>	<b>(143,287)</b>	<b>81,657</b>	<b>515,552</b>	<b>3,771,456</b>	<b>18,364</b>	<b>3,789,820</b>
Loss and total comprehensive loss for the period (unaudited)	—	—	—	—	—	—	(256,792)	(256,792)	(14,380)	(271,172)
Recognition of equity-settled share-based payment expenses (unaudited)	—	—	—	—	—	8,669	—	8,669	—	8,669
Appropriation to reserve (unaudited)	—	—	—	2,125	—	—	(2,125)	—	—	—
Changes in equity for the period (unaudited)	—	—	—	2,125	—	8,669	(258,917)	(248,123)	(14,380)	(262,503)
At 30 June 2013 (unaudited)	<b>797,619</b>	<b>2,428,631</b>	<b>73,165</b>	<b>20,244</b>	<b>(143,287)</b>	<b>90,326</b>	<b>256,635</b>	<b>3,523,333</b>	<b>3,984</b>	<b>3,527,317</b>

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 June 2013 RMB'000 (Unaudited)	30 June 2012 RMB'000 (Unaudited)
<b>Net cash (used in)/generated from operating activities</b>	<b>(124,623)</b>	252,788
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of property, plant and equipment	<b>(128,748)</b>	(90,442)
Additions of exploration and evaluation assets	<b>(98,200)</b>	(81,000)
Repayment of amounts due from debtors	<b>253,000</b>	—
<b>Net cash generated from/(used in) investing activities</b>	<b>26,052</b>	(171,442)
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(98,571)</b>	81,346
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,766,249</b>	2,805,120
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>2,667,678</b>	2,886,466
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS</b>		
Bank and cash balances	<b>2,667,678</b>	2,886,466

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2013

## 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 3601-3, 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 condensed consolidated financial statements for the six months ended 30 June 2013 have been prepared on the historical cost basis and in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2012. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are consistent with those followed in the preparation of the Group's the annual consolidated financial statements for the year ended 31 December 2012.

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

## 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the interim period, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board that are relevant to its operations and effective for its accounting period beginning on 1 January 2013. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's condensed consolidated financial statements and amounts reported for the current period and prior periods except as stated below.

### Amendments to IAS 1 "Presentation of Financial Statements"

Amendments to IAS 1 titled Presentation of Items of Other Comprehensive Income introduce new terminology for statement of comprehensive income and income statement. Under the amendments to IAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements.

The amendments to IAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2013

## 2. ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (Continued)

### Amendments to IAS 1 “Presentation of Financial Statements” (Continued)

The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the change. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

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. 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 represented as an operating segment.

The Group acquired certain subsidiaries engaged in exploration activities in Yunnan 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.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2013

## 3. SEGMENT INFORMATION (Continued)

Information about reportable segment revenue, profit or loss and assets:

	Ore processing plant in Nantaizi RMB'000	Ore processing plant in Luotuochang RMB'000	Exploration of gold mines RMB'000	Total RMB'000
<b>For the six months ended 30 June 2013 (Unaudited)</b>				
Revenue from external customers	63,674	66,844	—	130,518
Segment loss before tax	(91,148)	(80,641)	(72,452)	(244,241)
<b>As at 30 June 2013 (Unaudited)</b>				
Segment assets	29,643	25,481	508,497	563,621
<b>For the six months ended 30 June 2012 (Unaudited)</b>				
Revenue from external customers	301,824	149,347	—	451,171
Segment profit/(loss) before tax	160,229	40,764	(81,547)	119,446
<b>As at 31 December 2012 (Audited)</b>				
Segment assets	11,545	11,675	482,024	505,244

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2013

## 3. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment profit or loss:

	For the six months ended	
	30 June 2013 RMB'000 (Unaudited)	30 June 2012 RMB'000 (Unaudited)
<b>Profit or loss</b>		
Total (loss)/profit of reportable segments	(244,241)	119,446
Unallocated other income	17,663	26,154
Unallocated corporate expenses	(21,740)	(38,192)
Unallocated other expenses	(22,399)	—
Consolidated (loss)/profit before tax	(270,717)	107,408

## 4. (LOSS)/PROFIT BEFORE TAX

	For the six months ended	
	30 June 2013 RMB'000 (Unaudited)	30 June 2012 RMB'000 (Unaudited)
<b>The Group's (loss)/profit before tax is stated after charging the followings:</b>		
Amortisation of prepaid land lease payments	29	30
Depreciation of property, plant and equipment	263	393
Equity-settled share-based payment expenses (included in administrative expenses)	8,669	15,437
Exchange loss (included in other expenses)	22,398	—
Impairment losses of property, plant and equipment	128,329	90,442
Impairment losses of exploration and evaluation assets	71,702	81,000
<b>and after crediting the followings:</b>		
Bank interest income (included in other income)	7,307	8,277
Exchange gain (included in other income)	—	8,493
Interest income arising from amounts due from debtors (included in other income)	9,363	—
Interest income arising from loans to a shareholder (included in other income)	—	9,506

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2013

## 4. (LOSS)/PROFIT BEFORE TAX (Continued)

Included in the other income is an aggregate amount of approximately RMB15,483,000 (six months ended 30 June 2012: RMB55,983,000) representing 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.

## 5. INCOME TAX EXPENSE

	For the six months ended	
	30 June 2013 RMB'000 (Unaudited)	30 June 2012 RMB'000 (Unaudited)
Current tax — PRC Enterprise Income Tax		
— Current period	391	69,581
— Under-provision in prior periods	64	—
	455	69,581

No provision for Hong Kong Profits Tax is required since the Company'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 period is 25% (six months ended 30 June 2012: 25%).



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2013

## 6. (LOSS)/EARNINGS PER SHARE

The calculation of basic and diluted (loss)/earnings per share is based on the following:

	For the six months ended	
	30 June 2013 RMB'000 (Unaudited)	30 June 2012 RMB'000 (Unaudited)
<b>(Loss)/Earnings</b> (Loss)/Profit attributable to owners of the Company, used in the basic and diluted (loss)/earnings per share calculation	<b>(256,792)</b>	52,943
<b>Number of shares</b> Weighted average number of ordinary shares used in basic (loss)/earnings per share calculation	<b>908,786,213</b>	908,786,213
Effect of dilutive potential ordinary shares arising from share options	—	2,403,775
Weighted average number of ordinary shares used in diluted (loss)/earnings per share calculation	<b>908,786,213</b>	911,189,988

## 7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group acquired property, plant and equipment of approximately RMB128,748,000 (six months ended 30 June 2012: RMB90,442,000).

## 8. EXPLORATION AND EVALUATION ASSETS

Three exploration permits of the Group were expired and in the opinion of the directors, the Group will be able to renew the exploration permits with Department of Land and Resources of the Guangxi Zhuang Autonomous Region in China continuously at insignificant cost.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2013

## 9. TRADE AND OTHER RECEIVABLES

	Notes	As at	
		30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Amounts due from debtors	(i)	393,613	400,680
Bills receivables		—	253,000
Prepayments, deposits and other receivables		59,807	20,902
Trade receivables	(ii)	5,865	7,740
		<b>459,285</b>	682,322

Notes:

- (i) The amounts due from debtors were transferred from prepaid project payments and loan receivables according to the debt restructuring agreements. The amounts are unsecured, interest bearing with 4.75% per annum and past due. The settlement was completed in June 2014.
- (ii) The aging analysis of trade receivables presented based on the invoice date is as follows:

	As at	
	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
0 to 90 days	5,865	7,740

The average credit period granted to the Group's customers is 90 days (31 December 2012: 90 days). All the balances of trade receivables were denominated in RMB.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2013

## 10. CAPITAL COMMITMENTS

The Group's capital commitments at the end of the reporting period are as follows:

	As at	
	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Audited)
Capital expenditure in respect of exploration projects Contracted for but not provided in the condensed consolidated financial statements	604,025	585,104

## 11. RELATED PARTY TRANSACTIONS

In addition to those related party transactions and balances disclosed elsewhere in the condensed consolidated financial statements, the Group had the following transactions with its related parties during the reporting period:

	For the six months ended	
	30 June 2013 RMB'000 (Unaudited)	30 June 2012 RMB'000 (Unaudited)
(i) The remuneration of directors and other members of key management during the period is as follows:		
Short-term benefits	2,052	1,818
Other long-term benefits	25	24
Equity-settled share-based payment expenses	2,720	3,811
	4,797	5,653
(ii) Interest arising from loans to the then controlling shareholder of the Company, Mr. Wu Ruilin:		
Interest income	—	9,506

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2013

## 12. EVENT AFTER THE REPORTING PERIOD

Chifeng Fuqiao, a wholly-owned indirect subsidiary of the Company, has taken over operational control of Gaotai Mining, 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.

## 13. APPROVAL OF THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

These condensed consolidated financial statements were approved and authorised for issue by the Board on 30 May 2016.