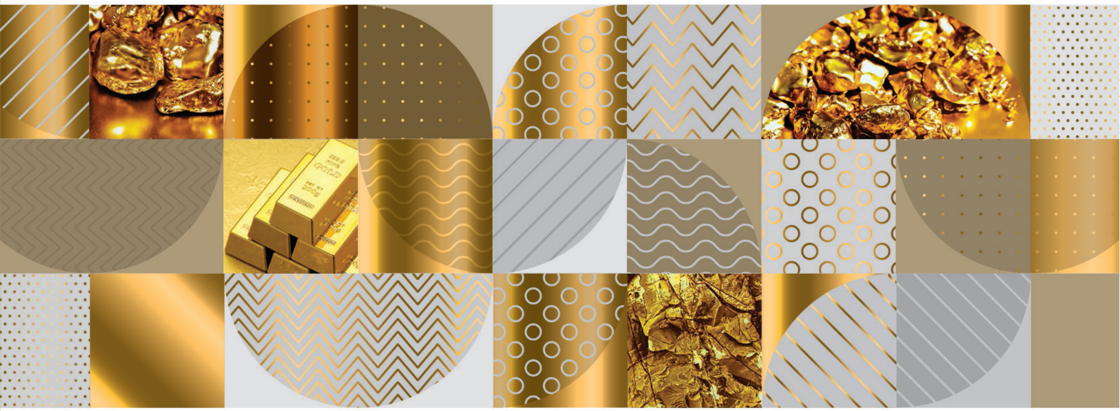
TAUNG GOLD INTERNATIONAL LIMITED
壇金礦業有限公司*

(Incorporated in Bermuda with limited liability)

Stock Code: 621

INTERIM REPORT
2019



* For identification purpose only

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Christiaan Rudolph de Wet de Bruin *(Co-chairman)*
Ms. Cheung Pak Sum *(Co-chairman)*
Mr. Neil Andrew Herrick *(Chief Executive Officer)*
Mr. Phen Chun Shing Vincent

Independent Non-Executive Directors

Mr. Li Kam Chung
Mr. Chong Man Hung Jeffrey
Mr. Tsui Pang

AUDIT COMMITTEE

Mr. Chong Man Hung Jeffrey *(Chairman)*
Mr. Li Kam Chung
Mr. Tsui Pang

REMUNERATION COMMITTEE

Mr. Li Kam Chung *(Chairman)*
Mr. Chong Man Hung Jeffrey
Mr. Tsui Pang

NOMINATION COMMITTEE

Mr. Chong Man Hung Jeffrey *(Chairman)*
Mr. Li Kam Chung
Mr. Tsui Pang

TECHNICAL, SAFETY AND ENVIRONMENT COMMITTEE

Mr. Li Kam Chung *(Chairman)*
Mr. Neil Andrew Herrick

COMPANY SECRETARY

Mr. Tung Yee Shing

AUTHORISED REPRESENTATIVES

Mr. Tung Yee Shing
Ms. Cheung Pak Sum

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
Bank of Communications Co., Ltd.

AUDITORS

Deloitte Touche Tohmatsu

LEGAL ADVISERS ON HONG KONG LAW

TC & Co., Solicitors

LEGAL ADVISERS ON BERMUDA LAW

Appleby

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
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41 Cedar Avenue
Hamilton HM12, Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54
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183 Queen's Road East
Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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8 Yeung Uk Road, Tsuen Wan
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REGISTERED OFFICE

Victoria Place, 5th Floor
31 Victoria Street
Hamilton HM12, Bermuda

COMPANY WEBSITE

www.taunggold.com

The board of directors (the "Board") of Taung Gold International Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 September 2019 together with the comparative figures for corresponding period in 2018 as follows:

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

For the six months ended 30 September 2019

	Notes	**Six months ended 30 September 2019 HK$'000 (unaudited)**	2018 HK$'000 (unaudited)
Other income	3	**966**	9,490
Other gains and losses	4	**(1,255)**	(327)
Administrative and operating expenses		**(14,820)**	(22,454)
Share of results of associates		**–**	(1)
Loss before taxation		**(15,109)**	(13,292)
Income tax expense	5	**–**	–
Loss for the period	6	**(15,109)**	(13,292)
Other comprehensive expense for the period:			
Item that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operation		**(25,655)**	(124,216)
Total comprehensive expense for the period		**(40,764)**	(137,508)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the six months ended 30 September 2019

	Note	**Six months ended 30 September** **2019** **HK$'000** **(unaudited)**	2018 HK$'000 (unaudited)
Loss for the period attributable to:			
Owners of the Company		**(13,410)**	(13,375)
Non-controlling interests		**(1,699)**	83
		(15,109)	(13,292)
Total comprehensive expense attributable to:			
Owners of the Company		**(32,362)**	(111,006)
Non-controlling interests		**(8,402)**	(26,502)
		(40,764)	(137,508)
Loss per share	8		
Basic (HK cents)		**(0.07)**	(0.07)
Diluted (HK cents)		**(0.07)**	(0.07)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2019

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
Non-current assets		
Property, plant and equipment	**3,595**	2,713
Exploration assets	**3,754,980**	3,774,891
Right-of-use assets	**2,925**	–
Interests in associates	**626**	626
Loans to shareholders of a subsidiary	**3,702**	3,913
Financial assets at fair value through profit or loss	**72,305**	76,418
Deposits for acquisition of investments	**60,000**	60,000
Pledged bank deposits	**–**	2,057
	3,898,133	3,920,618
Current assets		
Other receivables, prepayment and deposits	**18,822**	7,505
Restricted bank deposits	**981**	–
Bank balances and cash	**206,103**	239,062
	225,906	246,567
Current liabilities		
Lease liabilities	**1,677**	–
Other payables and accruals	**5,659**	10,300
	7,336	10,300
Net current assets	**218,570**	236,267
Total assets less current liabilities	**4,116,703**	4,156,885
Non-current liabilities		
Lease liabilities	**1,254**	–
Provision of rehabilitation costs	**11,802**	12,474
	13,056	12,474
Net assets	**4,103,647**	4,144,411

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

As at 30 September 2019

	Note	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
Capital and reserves			
Share capital	10	**181,515**	181,515
Reserves		**3,109,006**	3,141,368
Equity attributable to owners of the Company		**3,290,521**	3,322,883
Non-controlling interests		**813,126**	821,528
Total equity		**4,103,647**	4,144,411

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2019

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Other reserves HK$'000	Contributed surplus HK$'000	Foreign currency translation reserve HK$'000	Share option reserve HK$'000	Accumulated loss HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2019 (audited)	**181,515**	**5,307,443**	**(829)**	**(74,746)**	**147,828**	**(945,619)**	**11,618**	**(1,304,327)**	**3,322,883**	**821,528**	**4,144,411**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(13,410)**	**(13,410)**	**(1,699)**	**(15,109)**
Exchange difference arising to translation of foreign operations	**-**	**-**	**-**	**-**	**-**	**(18,952)**	**-**	**-**	**(18,952)**	**(6,703)**	**(25,655)**
Total comprehensive expense for the period	**-**	**-**	**-**	**-**	**-**	**(18,952)**	**-**	**(13,410)**	**(32,362)**	**(8,402)**	**(40,764)**
At 30 September 2019 (unaudited)	**181,515**	**5,307,443**	**(829)**	**(74,746)**	**147,828**	**(964,571)**	**11,618**	**(1,317,737)**	**3,290,521**	**813,126**	**4,103,647**

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Capital reserve HK$'000	Other reserves HK$'000	Contributed surplus HK$'000	Foreign currency translation reserve HK$'000	Share option reserve HK$'000	Accumulated loss HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 April 2018 (audited)	181,515	5,307,443	(829)	(74,746)	147,828	(303,278)	14,039	(1,249,986)	4,021,986	1,006,467	5,028,453
Loss for the period	-	-	-	-	-	-	-	(13,375)	(13,375)	83	(13,292)
Forfeiture of share options	-	-	-	-	-	-	(12,655)	12,655	-	-	-
Exchange difference arising to translation of foreign operations	-	-	-	-	-	(97,631)	-	-	(97,631)	(26,585)	(124,216)
Total comprehensive expense for the period	-	-	-	-	-	(97,631)	(12,655)	(720)	(111,006)	(26,502)	(137,508)
At 30 September 2018 (unaudited)	181,515	5,307,443	(829)	(74,746)	147,828	(400,909)	1,384	(1,250,707)	3,910,979	979,966	4,890,945

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 September 2019

	Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Net cash used in operating activities	**(28,483)**	(17,943)
Net cash used in investing activities	**(4,400)**	(5,717)
Net cash used in financing activities	**–**	(3)
Net decrease cash and cash equivalents	**(32,883)**	(23,663)
Effect of foreign exchange rate changes	**(76)**	(772)
Cash and cash equivalents at beginning of the period	**239,062**	162,906
Cash and cash equivalents at end of the period, represented by bank balances and cash	**206,103**	138,471

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements has been prepared in accordance with the Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") as well as the applicable disclosures requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. The accounting policies and methods of computation used in the preparation of unaudited condensed consolidated financial statements for six months ended 30 September 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 March 2019.

In the current interim period, the Group has applied, for the first time, new amendments and interpretations to Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that are mandatorily effective for the annual period beginning 1 April 2019 for the preparation of the Group's condensed consolidated financial statements.

Except as described below, application of the new amendments and interpretations to HKFRSs issued by the HKICPA has had no material effect on the amounts reported and/or disclosures for the preparation of the Group's unaudited condensed consolidated financial statements.

Impacts and changes in accounting policies of application on HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current interim period. HKFRS 16 superseded HKAS 17 *Leases* ("HKAS 17"), and the related interpretations when it became effective.

Key changes in accounting policies resulting from application of HKFRS 16

The Group applied the following accounting policies in accordance with the transitional provisions of HKFRS 16.

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of warehouses and office premises buildings that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee (Continued)

Right-of-use assets

Except for short-term leases, the Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee (Continued)

Right-of-use assets *(Continued)*

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life.

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the condensed consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments ("HKFRS 9") and initially measured at fair value and subsequently at amortised cost. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee (Continued)

Lease liabilities *(Continued)*

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- amounts expected to be payable by the Group under residual value guarantees; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

Key changes in accounting policies resulting from application of HKFRS 16 *(Continued)*

As a lessee (Continued)

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Transition and summary of effects arising from initial application of HKFRS 16

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 April 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Impacts and changes in accounting policies of application on HKFRS 16 Leases *(Continued)*

Transition and summary of effects arising from initial application of HKFRS 16 *(Continued)*

As a lessee

The Group has applied HKFRS 16 modified retrospective approach and has not restated comparative amounts with the cumulative effect recognised at the date of initial application, 1 April 2019. Right-of-use assets relating to the Group's operating leases are measured at the amount of lease liabilities on initial application by applying HKFRS 16 transition, adjusted by the amount of any prepaid or accrued lease liabilities.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease by-lease basis, to the extent relevant to the respective lease contracts:

i. relied on the assessment of whether leases are onerous by applying HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* as an alternative of impairment review;

ii. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and

iii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

The Group has made the following adjustments upon application of HKFRS 16:

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The lessee's incremental borrowing rates applied by the relevant entities is 4.51% per annum.

As disclosed as at 31 March 2019, the Group had operating lease commitment of HK$1,276,000, the whole amount was relating to leases with terms less than 12 months and therefore Recognition exemption applied.

On 2 July 2019, the Group entered into a lease for its office premise as lessee for 24 months, and HK$3,343,000 was recognized as initial Right-of-use assets to the Group.

2. SEGMENT INFORMATION

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

The Group's operating and reportable segments under HKFRS 8 are as follows:

(a) gold exploration and development in South Africa; and

(b) trading of minerals.

The following is an analysis of the Group's revenue and results by operating and reportable segment:

For the six months ended 30 September 2019

	Gold exploration and development in South Africa HK$'000 (unaudited)	Trading of minerals HK$'000 (unaudited)	Total HK$'000 (unaudited)
REVENUE			
External sales	–	–	–
RESULTS			
Segment loss	(7,931)	–	(7,931)
Unallocated other income			452
Unallocated other gains and losses			(406)
Unallocated corporate expenses			(7,224)
Share of result of associates			–
Loss before taxation			(15,109)

2. SEGMENT INFORMATION *(Continued)*

For the six months ended 30 September 2018

	Gold exploration and development in South Africa HK$'000 (unaudited)	Gold exploration and development in Indonesia HK$'000 (unaudited)	Trading of minerals HK$'000 (unaudited)	Total HK$'000 (unaudited)
REVENUE				
External sales	–	–	–	–
RESULTS				
Segment gain	499	–	–	499
Unallocated other income				9,490
Unallocated other gains and losses				(327)
Unallocated corporate expenses				(22,953)
Share of result of associates				(1)
Loss before taxation				(13,292)

3. OTHER INCOME

	Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Interest income on loan to shareholders of a subsidiary	**–**	8,903
Interest income on bank deposits	**907**	587
Others	**59**	–
	966	9,490

4. OTHER GAINS AND LOSSES

	Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Foreign exchange loss	**(1,177)**	(318)
Others	**(146)**	(9)
Gain on disposal of property, plant and equipment	**68**	–
	(1,255)	(327)

5. INCOME TAX EXPENSE

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profits tax rates regime, the first HK$2,000,000 of profits of the qualifying group entity will be taxed at 8.25%, and profits above HK$2,000,000 will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. The directors of the Company consider the amounts involved upon implementation of the two-tiered profits tax rates regime as insignificant to the unaudited consolidated financial statements.

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits. No provision for Hong Kong profits tax has been made for both periods as the subsidiaries incorporated in Hong Kong have no assessable profits.

Under South African tax law, the corporate tax rate is 28% on taxable profits of South African subsidiaries. The income tax expenses of the Group represented the corporate tax arising from the South African subsidiaries. No provision for taxation has been made for both periods as the subsidiaries in South Africa have no assessable profits.

6. LOSS FOR THE PERIOD

	Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss for the period has been arrived at after charging/(crediting):		
Depreciation for property, plant and equipment	**374**	504
Minimum operating lease payments in respect of rented premises	**1,021**	1,059
Staff costs (including directors' emoluments)		
Salaries and other benefits	**8,005**	10,011
Contributions to retirement benefits schemes	**138**	170
Less: Amounts capitalised in exploration assets	**(2,348)**	(3,431)
	5,795	6,750

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

8. LOSS PER SHARE

The calculations of basic and diluted loss per share for the six months ended 30 September 2019 together with the comparative figures for 2018 are as follows:

	Six months ended 30 September	
	2019	2018
	HK$'000	HK$'000
	(unaudited)	(unaudited)
Loss attributable to owners of the Company for the purpose of calculating basic and diluted loss per share	**(13,410)**	(13,375)
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	**18,151,472**	18,151,472

The calculation of diluted loss per share for both periods did not assume the exercise of the Company's outstanding share options as assuming exercise of these options would result in a decrease in loss per share.

9. OPERATING LEASES

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	30 September 2019 HK$'000 (unaudited)	31 March 2019 HK$'000 (audited)
Within one year	**1,671**	1,276
In the second to fifth year inclusive	**1,254**	–
	2,925	1,276

Operating lease payments represent rentals payable by the Group for office premises. Leases are negotiated and rentals are fixed for a lease term of one to two years.

10. SHARE CAPITAL

	Number of shares	**Share capital** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 31 March 2019 and 30 September 2019	30,000,000,000	300,000
Issue and fully paid:		
At 31 March 2019 (audited)	18,151,471,981	181,515
At 30 September 2019 (unaudited)	18,151,471,981	181,515

All shares ranked pari passu in all respects with other shares in issue.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in investment holding, trading of minerals and exploration, development and mining of gold and associated minerals in the Republic of South Africa ("South Africa").

During the period under review, the Group recorded a basic loss attributable to owners of the Company of approximately HK$13,410,000 or basic loss of HK0.07 cents per share, compared with a basic loss attributable to owners of the Company for the period ended 30 September 2018 of approximately HK$13,375,000 or basic loss of HK0.07 cents per share.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (six months ended 30 September 2018: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2019, the Group had no outstanding bank borrowings (31 March 2019: Nil) and no banking facilities (31 March 2019: Nil).

The Group's gearing ratio as at 30 September 2019 was zero (31 March 2019: zero), calculated based on the Group's total zero borrowings (31 March 2019: zero) over the Group's total assets of approximately HK$4,124,039,000 (31 March 2019: HK$4,167,185,000).

As at 30 September 2019, the balance of cash and cash equivalents of the Group was approximately HK$206,103,000 (31 March 2019: HK$239,062,000) and were mainly denominated in Hong Kong Dollars, Renminbi, United States Dollars ("USD") and South African Rand ("ZAR").

The Group continues to adopt a policy of dealing principally with clients with whom the Group has enjoyed a long working relationship so as to minimize risks in its business.

FOREIGN EXCHANGE EXPOSURE

During the period ended 30 September 2019, the Group operated mainly in South Africa, and the majority of the Group's transaction and balances were denominated in Hong Kong Dollars, Renminbi, USD and ZAR. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

REVIEW OF BUSINESS OPERATIONS

During the period under review, the Group did not carry out any field exploration activities and its attention was focused on the following:

- Advancing the Feasibility Study for the Jeanette Project and activities associated with the Social & Labour Plan in the communities surrounding the project;
- Advancing the commercial arrangements for the Design & Build Contract and financing for the Evander Project;
- The sale of Holfontein Investments (Pty) Limited ("HIL"); and
- Corporate activity with respect to the Pakistan Project.

As at 30 September 2019, the Company had not conducted any mining or production activities during the period under review.

The Evander Project

The Evander Project is located in the Evander Goldfield on the northeastern limb of the Witwatersrand Basin and is close to the town of Secunda in South Africa's Mpumalanga, Province. Taung Gold Secunda (Pty) Limited ("TGS"), a wholly-owned subsidiary of Taung Gold (Pty) Limited ("TGL"), is the registered holder of the mining right in terms of the Mineral and Petroleum Resources Development Act ("MPRDA"), for the Evander Project. During the period under review, ZAR5.74 million was spent on the Evander Project.

On 16 May 2016, the Company declared a maiden Mineral Reserve (Probable Reserve) from the Evander Project's Kimberley Reef horizon of 4.29 million ounces of gold, from 19.64 million tonnes of ore at an average head grade of 6.80g/t.

REVIEW OF BUSINESS OPERATIONS *(Continued)*

The Evander Project *(Continued)*

The following table shows the Total Mineral Resource for the Evander Project (comprising both the Six Shaft and Twistdraai areas) stated at 7.59 million ounces gold at a mining grade of 8.05g/t using a 500cmg/t cut-off grade as at resource declaration on 5 February 2016. The Measured and Indicated Resource makes up 71% of the Total Mineral Resource for the Evander Project.

MINERAL RESOURCE CATEGORY	Mining Tonnes (Mt)	Mining Width (cm)	Mining Grade (g/t)	Mining Grade (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (t)	Gold (Moz)
Total Project Mineral Resources at 500cmg/t Cut-off Grade								
Measured	0.11	119	10.18	1,211	82	14.80	1.09	0.04
Indicated	19.75	112	8.47	948	74	12.76	167.18	5.37
Inferred	9.51	111	7.12	796	64	12.43	67.77	2.18
Total Measured and Indicated	19.85	112	8.47	949	74	12.78	168.27	5.41
TOTAL MINERAL RESOURCES (Note)	29.37	112	8.05	900	71	12.68	236.04	7.59

Note:

The information in this report that relates to the Mineral Resource for the Evander Project is based on information compiled by Mr. Garth Mitchell, who is a full time employee of ExplorMine Consultants, an independent mineral resources consultancy engaged by TGL. Mr. Mitchell is a member for each of the South African Council for Natural Scientific Professions, the Southern African Institute of Mining and Metallurgy and the Geological Society of South Africa. Mr. Mitchell has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities that he has undertaken to qualify as a Competent Person as defined in the 2007 Edition (amended July 2009) of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Mr. Mitchell has consented to the inclusion in this report of the matters based on information provided by him, in the form and context in which they appear.

Expenditure on the Evander Project for the period ended 30 September 2019 was as follows:

	ZAR million
Consultants & Service providers	0.24
Staffing	4.20
Overheads	1.30
Total	5.74

REVIEW OF BUSINESS OPERATIONS *(Continued)*

The Jeanette Project

The Jeanette Project is located in the northern region of the Free State goldfield close to the town of Allanridge and Nyakallong, within the southwest limb of the Witwatersand Basin in South Africa's Free State Province. Taung Gold Free State (Pty) Limited, a wholly-owned subsidiary of TGL, is the registered holder of the mining right in terms of MPRDA for the Jeanette Project. During the period under review, ZAR8.14 million was spent on the Jeanette Project.

The Company declared a maiden Probable Mineral Reserve and an update of the Total Mineral Resource on 23 May 2016. The Probable Mineral Reserve is 7.12 million ounces of gold from 19.21 million tonnes of ore at a head grade of 11.52g/t. The Total Mineral Resource is 15.26 million ounces of gold from 46.51 million tonnes at a mean grade of 5.57g/t for both Basal Reef and A-Reef. The Basal Reef Mineral Resource is 10.55 million ounces of gold from 16.43 million tonnes at mean grade of 19.99g/t. The cut-off grades used for Basal Reef and A-Reef were 341cmg/t and 374cmg/t respectively as at 29 February 2016. The Indicated Resource on the Basal Reef makes up 89% of the total Basal Reef Mineral Resource and 62% of the Total Mineral Resource.

MINERAL RESOURCE CATEGORY	In-situ Tonnes (Mt)	Evaluation Width (cm)	Grade above cut-off (cmg/t)	Channel Width (cm)	Channel Grade (g/t)	Gold (t)	Gold (Moz)
Total Project Mineral Resources at 341cmg/t Cut-off Grade for Basal Reef and 374cmg/t for the A-Reef							
Indicated (Black Chert Facies)	13.10	100	852	38	22.41	293.60	9.44
Inferred (Black Chert Facies)	0.84	100	670	38	17.63	14.81	0.48
Inferred (Overlap Facies)	2.49	100	506	63	8.03	19.99	0.64
Inferred (A-Reef)	30.08	113	585	114	4.86	146.17	4.70
Total Indicated	13.10	100	852	38	22.41	293.60	9.44
Total Inferred	33.41	112	553	108	5.42	180.97	5.81
TOTAL MINERAL RESOURCES (Note)	46.51	109	896	92	10.20	474.57	15.26

REVIEW OF BUSINESS OPERATIONS *(Continued)*

The Jeanette Project *(Continued)*

Note:

The information in this report that relates to the Mineral Resources for the Jeanette Project is based on information compiled by Mr. David Young, who is a full time employee of The Mineral Corporation, an independent mineral resources consultancy engaged by TGL. Mr. Young is a Member of the Southern African Institute of Mining and Metallurgy, a Fellow of the Geological Society of South Africa and, a Fellow of the Australasian Institute of Mining and Metallurgy. Mr. Young has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities that he has undertaken to qualify as a Competent Person as defined in the 2007 Edition (amended July 2009) of the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves. Mr. Young has consented to the inclusion in this report of matters based on information provided by him, in the form and context in which they appear.

Expenditure on the Jeanette Project for the period ended 30 September 2019 was as follows:

	ZAR million
Consultants & Service providers	2.14
Staffing	4.50
Overheads	1.50
Total	8.14

The Pakistan Project

Reko Garok Gold Minerals (Private) Limited ("The Pakistani Target Company")

As disclosed in the previous announcement on 28 December 2016, the Pakistani Target Company was the legal holder of the EL127 Exploration License and has lodged an application for the conversion of the EL127 Exploration License into Mining Lease. The EL127 Exploration License will continue be effective until such time as the Mining Lease been issued.

According to a letter issued to the Pakistani Target Company by the Department of Mines and Minerals, Government of Balochistan on 16 February 2018, the Mining Lease was granted subject to the mineral agreement with the Government of Balochistan (the "Agreement") and the No Objection Certificate issued by the Environmental Protection Agency of the Government of Balochistan (the "NOC"). The Pakistani Target Company has lodged the execution of the Agreement and the NOC accordingly. On 6 April 2018 and 19 May 2018, both the Agreement and the NOC have been executed and obtained and hence, the Mining Lease is valid and legally held by the Pakistani Target Company and thus EL127 will convert to ML127 as per the Mining Lease.

REVIEW OF BUSINESS OPERATIONS *(Continued)*

The Pakistan Project *(Continued)*

Reko Garok Gold Minerals (Private) Limited ("The Pakistani Target Company") *(Continued)*

The granting of the Mining Lease is a first mover process in tapping into one of the largest hosts of world-class copper-gold porphyry mineralization. The Board will continue to monitor the development of the Pakistani Target Company and the ML127.

The JV with FWO

On 9 June 2017, Taung Gold International Limited, a non-wholly owned subsidiary of the Company incorporated in the British Virgin Islands entered into Joint Venture Agreement (the "JV") with Frontier Works Organization ("FWO") for the "Tanjeel H4 Deposit". The Company has prepared the Pre-Qualification Document (the "PQD") in accordance with the public announcement made by the Mines and Mineral Department of the Government of Balochistan regarding the invitation for Expressions of Interest for the "Tanjeel H4 Deposit" (the "PQD Submission"). The result of the PQD Submission is yet to be announced as a result of delays in political and administration processes due to the Pakistan general election in 2018. Hence, in view of the lack of clarity regarding the outcome of the PQD Submission, the Company has re-negotiated the JV with FWO and has recovered the USD15.4 million remaining deposit as per the Joint Venture Agreement on 27th February 2019. The Board will continue to monitor the result of the PQD Submission and the development of the "Tanjeel H4 Deposit".

FUTURE PLANS FOR THE EVANDER PROJECT AND THE JEANETTE PROJECT

The Evander Project

Contract for the Construction of the Evander Project

As disclosed in 2019 Annual Report, the Company and MCCI International Incorporation Limited ("MCCI") decided to await the results of the Jeanette feasibility study before committing further time and resources to the contract for the Evander Project. This decision was underpinned by early indications that the Jeanette Project, as a result of the phased approach adopted by the Company and MCCI, would require a lower amount of capital funding and a faster lead-time to first production. The capital cost and lead-time to first production are fundamental to how potential investors look at large-scale gold projects and have a significant bearing on their appetite to commit funding. During the period under review, the feasibility study results of the Jeanette Project has been released and the relevant announcement has been published on 30 August 2019. Therefore, Company has commenced to prepare the binding term sheet for the Evander Project and discussions with MCCI are ongoing.

FUTURE PLANS FOR THE EVANDER PROJECT AND THE JEANETTE PROJECT *(Continued)*

The Evander Project *(Continued)*

Contract for the Construction of the Evander Project *(Continued)*

The work that remains outstanding on the Evander Project contract is as follows:

(a) Agree and execute the binding term sheet;

(b) Commence discussions with potential equity and debt financiers;

(c) Undertake and finalise the tender process for the shaft-sinking portion of the project;

(d) Complete drafting of the contract and execute with MCCI;

(e) Finalisation of funding (equity and debt) package;

(f) Award of shaft-sinking contract and other work packages; and

(g) Early works and mobilisation.

The estimated time frame for the remaining work for the Evander contract will be 12-18 months from the date of a decision to continue. The Company will keep its shareholders informed of any material development in this regard in due course.

Disposal of HIL

During the period under review, the sale process for TGS to dispose of its 100% interest in HIL, whose sole asset is the Mining Right for coal in terms of MPRDA, is still processing.

As disclosed in the Company's 2019 Annual Report, the Company is in the final stage of negotiations with a potential buyer and a draft Sale of Shares and Claims Agreement has been exchanged and the terms and conditions therein have been agreed, in principle. The potential buyer is still arranging the proof of funds and other documentation to the Company's satisfaction so that the Company can be confident of completion, subject to the granting of Section 11 change of control consent ("Section 11 Consent") under the MPRDA.

FUTURE PLANS FOR THE EVANDER PROJECT AND THE JEANETTE PROJECT *(Continued)*

The Evander Project *(Continued)*

Disposal of HIL *(Continued)*

In both local and global terms, HIL is classified as a small coal project and therefore does not appeal to medium and large-scale South African coal producers. As such, the list of potential buyers is confined to junior coal producers and "aspiring producer" companies and is a relatively small group. The coal products anticipated to be produced by HIL will primarily be for the export market and therefore the funders of potential buyers for HIL often require that export offtake agreements be secured by the potential buyer prior to the release of funds. The sale process has been further complicated by a decline in global prices for seaborne thermal and metallurgical coal, causing potential buyers and their funders to revisit the assumptions used in their economic modelling.

The potential buyer has disclosed the identity of the funder to the Company and, at the funder's request, the buyer was requested to conduct confirmatory drilling of two surface boreholes to confirm the depth of the coal in the area where the portal for the underground access is planned. This drilling was completed during October 2019 and confirmed the presence of the coal as per the "Competent Person's Report on the Coal Resources of the Holfontein Project", dated 9 May 2018. The Company reasonably expects to execute the Sale of Shares and Claims Agreement (the "Sale Agreement") within the next two months. The key condition precedent in the Sale Agreement is the Section 11 Consent under the MPRDA and the Company reasonably expects, given that this is a simple sale of shares and not a transfer of a mineral right, that such consent will be granted within 6 months of the execution of the Sale Agreement. Upon receipt of Section 11 Consent, the transaction will be completed.

The EIA/EMP Amendment Process

The full Environmental Impact Assessment ("EIA") for the project requires amendment to reflect the positive changes regarding tailings disposal and an application to the Department of Mineral Resources will lead to subsequent amendment of the Mining Works Program and Environmental Authorization that form part of the Evander Project Mining Right held by TGS.

The Company already has an Environmental Authorisation for the dewatering and construction phase of the Evander Project. In addition, the Water Use Licence ("WUL") for abstraction, transport and disposal of excess mine water during the dewatering and construction phase has also been issued.

The amendment of the EIA/Environmental Management Programme ("EMP") for the Evander Project relates to the production phase which will start approximately 6 years after commencement and, as such, is not on the critical path for project construction.

FUTURE PLANS FOR THE EVANDER PROJECT AND THE JEANETTE PROJECT *(Continued)*

The Evander Project *(Continued)*

The EIA/EMP Amendment Process *(Continued)*

In light of the decision to stay further work on the Evander Project contract, a decision was taken earlier this year to postpone the commencement of the environmental specialist studies. The studies will be initiated once the timing of the Evander Project construction phase has been finalised.

The Jeanette Project

On 28 April 2018, the Company entered into a Service Contract with MCCI, a subsidiary of Metallurgical Corporation of China Limited, to carry out the Feasibility Study for the Jeanette Project. During the period under review, the Company and MCCI have finalized the economic assessment and the Feasibility Study results have been released and the announcement in this regard has also been published on 30 August 2019.

As stated in the announcement dated 30 August 2019, it was intended that MCCI would participate in the development of the Jeanette Project on an Engineering, Procurement and Construction ("EPC") basis and would also assist the Company with securing debt financing and equity investment. Thereafter, the Company and MCCI will prepare draft commercial terms with the objective of entering into the EPC contract and then engage with potential equity investors and Chinese banks to arrange equity and debt financing for Jeanette Project. The Company is in the progress of discussing the draft commercial terms of the EPC contract with MCCI and further announcements in this regard will be made in due course.

The construction phase of the Jeanette Project will require a WUL for the abstraction, storage and disposal of excess mine water and this will be applied for in due course. The application for an Integrated WUL for the production phase of the Jeanette Project will only be submitted on completion of the final project engineering design in terms of the EPC contract.

EMPLOYEE AND REMUNERATION POLICY

As at 30 September 2019, the total number of employees, excluding workers under exclusive sub-contracting arrangement, of the Group was 29 (31 March 2019: approximately 50). The Group's remuneration policy is primarily based on the prevailing market conditions, working experience and the performance of the respective companies and individuals concerned. Employee benefits include mandatory provident fund (pension) and share options scheme, etc.

SHARE OPTION SCHEME

The Company

Pursuant to the share option scheme (the "Share Option Scheme") adopted by the Company's shareholders with effect from 4 January 2010 and in compliance with Chapter 17 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the maximum number of shares which may be issued upon exercise of all share options (the "Share Options") granted or to be granted under the Share Option Scheme and any other share option schemes of the Company shall not exceed 10% of the total number of issued shares as at 4 January 2010, i.e. in aggregate, must not exceed 161,924,000 Shares.

At the Company's general meeting on 21 November 2014, mandate limit of the Share Option Scheme was refreshed by ordinary resolutions of the Company's shareholders. The Company may grant further Share Options carrying rights to subscribe for up to a total of 1,217,991,569 Shares under the Share Option Scheme (representing 10% of the issued share capital of the Company on 21 November 2014).

Details of the Share Options granted under the Share Option Scheme (excluding the share options granted under share options scheme of Taung Gold Limited) as at 30 September 2019 are as follows:

	Number of Share Options							
	As at 1 April 2019	Granted	Lapsed	As at 30 September 2019	Exercise price (HK$)	Grant date	Vesting period	Exercise period
Christiaan Rudolph de Wet de Bruin	–	19,215,637	–	19,215,637				
Neil Andrew Herrick	–	19,215,637	–	19,215,637				
Cheung Pak Sum	–	19,215,637	–	19,215,637				
Li Kam Chung	–	19,215,637	–	19,215,637	HK$0.149 per Share Option	16 July 2015	15 July 2016	16 July 2015 to 15 July 2020
Consultant	–	44,252,463	–	44,252,463				
Continuous contact employee	–	57,088,963	(3,270,073)	53,818,890				
Total	–	178,203,974	(3,270,073)	174,933,901				

As at 30 September 2019, there were Share Options relating to 174,933,901 Shares granted by the Company representing 0.96% of the issued shares as at the date of this report pursuant to the Share Option Scheme which were valid and outstanding.

SHARE OPTION SCHEME *(Continued)*

Taung Gold (Proprietary) Limited

During 2010, Taung Gold (Proprietary) Limited ("TGL"), a non-wholly owned subsidiary of the Company, (prior to the completion date of the acquisition thereof in 2011), approved an option scheme to enable employees to acquire shares in TGL to provide them with an incentives to advance TGL's interests, to promote an identity of interest with shareholders and to retain the skills and expertise of employees. The total number of shares issued in terms of the scheme did not exceed 10% of the issued share capital of TGL. The option issued the option scheme either exercised or expired during the previous financial year.

The put options granted to the TGL Optionholders expired on 7 September 2014, in relation to the sale to the Company of up to 18,916,168 shares of TGL for an aggregate consideration of up to 1,009,616,519 shares of the Company. On 5 September 2014, the Company entered into new agreements with the relevant parties for granting the TGL Optionholders new rights to sell a maximum number of 23,645,210 shares of TGL to the Company before 7 September 2016, for a maximum consideration of up to 1,518,258,797 shares of the Company, including up to 229,461,591 shares of the Company to be issued when First Refusal Rights are exercised by the Company at the maximum share exchange ratio on the put options which were granted by the TGL Optionholders and South African Shareholders pursuant to the new agreements entered into with the Company and relevant parties on 5 September 2014. Details of granting the above put options to TGL Optionholders and those to South African Shareholders are set out in the circular of the Company dated 4 November 2014. Shareholders of the Company approved the grant of above put options at the special general meeting of the Company on 21 November 2014 by passing ordinary resolutions. All the new put options granted to the TGL Optionholders and South African Shareholders were either exercised, or expired and no put options were outstanding as at 30 September 2019.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES

As at 30 September 2019, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code"), were as follows:

Long positions in shares and underlying shares of the Company

Name of Directors	Number of Ordinary Shares		Number of underlying shares held under share options	Total	Percentage of the issued share capital of the Company
	Personal interests	Corporate interests			
Christiaan Rudolph de Wet de Bruin	294,650,717	–	19,215,637	313,866,354	1.73%
Cheung Pak Sum	–	–	19,215,637	19,215,637	0.11%
Neil Andrew Herrick	36,683,815	–	19,215,637	55,899,452	0.31%
Li Kam Chung	–	–	19,215,637	19,215,637	0.11%

Save as disclosed herein, neither the directors nor any of their associates had any interests or short positions in shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 September 2019 as defined in Section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 30 September 2019, the following shareholders had, or were deemed to have, interests or short positions in the shares or underlying shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

(a) Long positions in ordinary shares and underlying shares of the Company

Name of shareholders	Number of ordinary shares held	Underlying shares of equity derivatives	Total interest	Percentage of issued ordinary shares as at 30 September 2019
Goldborn Holdings Limited	2,001,362,075	–	2,001,362,075	11.03%
Mandra Materials Limited (note 1)	1,813,794,222	–	1,813,794,222	9.99%
Mandra Esop Limited (note 1)	16,238,369	–	16,238,369	0.09%
Woo Foong Hong Limited (note 1)	426,530,727	–	426,530,727	2.35%
Gold Commercial Services Limited ("GoldCom") (note 2)	1,129,724,384	–	1,129,724,384	6.22%

Notes:

(1) Mandra Materials Limited, Mandra ESOP Limited and Woo Foong Hong Limited are 50% owned by Mr. Zhang Songyi. Hence, Mr. Zhang Songyi is deemed to be interested in the Shares held by Mandra Materials Limited, Mandra ESOP Limited and Woo Foong Hong Limited for the purpose of SFO.

(2) On 8 September 2011, the Company issued 1,130,141,116 shares of the Company to GoldCom for the purpose of acquiring 21,174,316 shares of TGL from South African resident shareholders of TGL. On 21 November 2014, the Shareholders passed a special resolution to grant each of the TG Optionholders the right to sell a maximum number of 23,645,210 TG Shares to the Company or GoldCom for a maximum of 1,262,020,649 New Put Option Consideration Share (Please refer to the Company's circular dated 2 November 2014). The abovementioned rights were expired on 7 September 2016.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES *(Continued)*

(b) Short positions in shares and underlying shares of the Company

There were no short positions in the shares and underlying shares of the Company and its associated corporations, which were recorded in the register as required to be kept under Section 336 of Part XV of the SFO.

Save as disclosed herein, as at 30 September 2019, no person, other than the directors and chief executives of the Company, whose interests are set out in the section "Directors' and Chief Executives' interests in securities" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE CODE

In the opinion of the directors, the Company had complied with the code provisions set out in the Corporate Governance Code ("CG Code") as contained in Appendix 14 to the Listing Rules during the six months ended 30 September 2019, save as the deviation from code provision A.4.1 which is explained as follows:

– Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election. The independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the bye-laws of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules as its own code of conduct regarding directors' securities transaction. The Company has made specific enquiries of all the directors and all the directors confirmed that they have complied with the required standards set out in the Model Code during the six months ended 30 September 2019.

The Company has also established written guidelines on no less exacting terms than the Model Code (the "Written Guidelines") for securities transactions by the relevant employees, including the directors, who are likely to possess inside information of the Company.

No incident of non-compliance of the Written Guidelines by the relevant employees were noted by the Company.

AUDIT COMMITTEE

The audit committee, which comprises three independent non-executive directors of the Company, has discussed with the management of the Company on the accounting principles and practices adopted by the Group, internal controls, risk management and financial reporting matters. The audit committee has also reviewed and discussed with the management about the unaudited consolidated financial statements for the six months ended 30 September 2019.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

There was no purchase, sale or redemption of shares or other listed securities of the Company or by any of its subsidiaries during the reporting period.

UPDATE ON DIRECTORS' INFORMATION PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Mr. Chong Man Hung Jeffrey, an independent non-executive director of the Company, has resigned as an independent non-executive director of Ascent International Holdings Limited (stock code: 264) on 9 September 2019 and was appointed as a chief financial officer and company secretary of Yee Hop Holdings Limited (stock code: 1662) since 1 November 2019, all of which are companies listed on the Main Board of the Stock Exchange. He obtained his master's degree of business administration from the City University of Hong Kong in October 2018 and has been a fellow member of the Hong Kong Institute of Certified Public Accountants since March 2018.

By order of the Board
Taung Gold International Limited
Cheung Pak Sum
Co-chairman and Executive Director

Hong Kong, 29 November 2019