



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 2012

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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*
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North Point,
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AUDITORS

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

LEGAL ADVISOR

As to Hong Kong law
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31st Floor, AIA Central,
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REGISTERED OFFICE

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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

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-12	Feb-12	Mar-12	Apr-12	May-12	Jun-12	1H12	1H11	YoY
Shirengou-Nantaizi Processing Plant									
Average Daily Capacity (t/day)	1,480	1,480	1,480	1,480	1,480	1,480	1,480	1,480	
Utilization Rate (%)	99.5	99.3	99.0	99.4	99.0	98.8	99.1	100.1	
Production Days (Days)	14.0	15.3	27.0	29.0	27.0	29.0	141.3	135.9	4%
Ore Processed (kt)	20.6	22.5	39.6	42.7	39.6	42.4	207.3	201.2	3%
Average Gold Grade (g/t)	8.6	8.5	5.9	4.8	4.5	4.5	5.7	9.2	-38%
Average Recovery Rate (%)	76.6	69.5	72.9	81.0	81.4	82.3	77.1	84.1	-8%
Payable Gold (koz)	4.3	4.3	5.5	5.3	4.7	5.1	29.2	50.2	-42%
Equivalent Gold (koz)	5.4	5.4	6.7	6.6	5.9	6.2	36.2	66.7	-46%
Luotuochang Processing Plant									
Average Daily Capacity (t/day)	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	
Utilization Rate (%)	99.5	101.0	101.3	100.1	100.1	99.8	100.3	99.1	
Production Days (Days)	12.7	15.7	26.5	27.7	27.0	24.9	134.5	136.6	-2%
Ore Processed (kt)	13.9	17.4	29.5	30.5	29.7	27.3	148.4	148.8	—
Average Gold Grade (g/t)	2.9	2.9	2.8	2.4	2.3	2.3	2.6	3.0	-16%
Average Recovery Rate (%)	85.5	84.9	84.8	82.8	82.6	81.9	83.6	86.6	-3%
Payable Gold (koz)	1.1	1.4	2.2	2.0	1.8	1.7	10.2	12.5	-18%
Equivalent Gold (koz)	2.0	2.4	3.9	3.5	3.4	2.9	17.9	29.6	-39%
Total Payable Gold (koz)	5.4	5.7	7.7	7.3	6.5	6.8	39.3	62.7	-37%
Total Produced Equivalent Gold (koz)	7.4	7.8	10.6	10.1	9.3	9.1	54.1	96.3	-44%

OPERATIONAL CONDITIONS OF THE SHIRENGOU-NANTAIZI PROCESSING PLANT

The total amount of ore processed for the six months ended 30 June 2012 was approximately 207,300 tonnes, representing an increase of approximately 3% from the same period of 2011.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The average gold grade for the six months ended 30 June 2012 was approximately 5.7 grams per tonne and the average recovery rate was approximately 77.1%.

The total production of payable gold and equivalent gold for the six months ended 30 June 2012 was approximately 29,200 ounces and 36,200 ounces respectively, representing a decrease of approximately 42% and 46% respectively from the same period of 2011.

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

- (a) Decrease in average gold grade caused by the reasons below:
 - (i) Increase in dilution. Shirengou Gold Mine and Nantaizi Gold Mine are in the same mining area and have the same ore-forming conditions and ore-control factors, with ore bodies limited by the structures. As the mining depth deepened, ore-control fault structures changed, which results in more heavily fracturing ore bodies and instability of the hanging wall. Therefore, ores are easily mixed with a large number of country rocks at the time of mining, which leads to the decrease of ore grade.
 - (ii) Decrease of geological grade in some parts of the ore bodies. It is verified that in the deeper area of the ore drift, geological grade in some parts of the ore bodies decreases, which gives rise to the decrease of ore grade.
- (b) Decrease in average recovery rate owing to lower grade of raw ores.

The decrease in the total production of equivalent gold was mainly due to the decrease in the total production of payable gold which forms part of the total production of equivalent gold, coupled with the decrease in the production and prices of other metals, as well as increase in the price of gold, which is used as the denominator to get the quantity of equivalent gold of the other metals.

OPERATIONAL CONDITIONS OF THE LUOTUOCHANG PROCESSING PLANT

The total amount of ore processed for the six months ended 30 June 2012 was approximately 148,400 tonnes, which was at about the same level as for the same period of 2011.

The average gold grade for the six months ended 30 June 2012 was approximately 2.6 grams per tonne and the average recovery rate was approximately 83.6%.

The total production of payable gold and equivalent gold for the six months ended 30 June 2012 was approximately 10,200 ounces and 17,900 ounces respectively, representing a decrease of approximately 18% and 39% respectively from the same period of 2011.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The decrease in the total production of payable gold 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 in Luotuochang Gold Mine, ore-control fault structures changed, which results in more heavily fracturing ore bodies and instability of the hanging wall. Therefore, ores are easily mixed with a large number of country rocks at the time of mining, which leads to the decrease of ore grade.
 - (ii) Decrease of geological grade in some parts of the ore bodies. It is verified that in the deeper area of the ore drift, geological grade in some parts of the ore bodies decreases, which leads to the decrease of ore grade.
- (b) Decrease in average recovery rate owing to lower grade of raw ores.
- (c) Decrease in the number of production days: There were more days of plant closure for repair and maintenance work during the six months ended 30 June 2012 than the same period of 2011. At certain times during the period of repair and maintenance work, heavy snow made roads too slippery for the transport of materials to be used in conducting the maintenance work, which led to delays.

The decrease in the total production of equivalent gold was mainly due to the decrease in the total production of payable gold which forms part of the total production of equivalent gold, coupled with the decrease in the production and prices of other metals, as well as increase in the price of gold, which is used as the denominator to get the quantity of equivalent gold of the other metals.

Overall, the Company produced approximately 39,300 ounces of payable gold and approximately 54,100 ounces of equivalent gold for the six months ended 30 June 2012, representing a decrease of approximately 37% and 44% respectively from the same period of 2011.

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.

* For identification purposes only

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

FINANCIAL REVIEW

Revenue

The unaudited revenue of the Group decreased from approximately RMB734.2 million for the six months ended 30 June 2011 to approximately RMB451.2 million for the same period of 2012. The decrease was the net result of the favorable and unfavorable factors set out below. Favorable factor was mainly the increases in the average prices of gold while unfavorable factors were the decrease of the prices of other metals, gold grade, as well as average recovery rate.

Cost of sales

Cost of sales was approximately RMB210.3 million for the six months ended 30 June 2012, increased from approximately RMB167.1 million for the same period of 2011. Cost of sales was related to the mining and the processing activities and the factors leading to the decrease in revenue did not have much impact on it. As a matter of fact, subcontract mining labour cost was higher for the six months ended 30 June 2012 than the same period of 2011, as the unit price of mining work increased. 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 2012, our cost of sales accounted for approximately 46.6% of our total revenue, increasing from approximately 22.8% for the same period of 2011, owing to the significant decrease of revenue as well as the increase in mining labour costs.

Gross profit and gross margin

As a result of the foregoing, gross profit was approximately RMB240.9 million (six months ended 30 June 2011: RMB567.1 million) and gross margin was approximately 53.4% (six months ended 30 June 2011: 77.2%) for the six months ended 30 June 2012.

Other income

Other income decreased from approximately RMB85.9 million for the six months ended 30 June 2011 to approximately RMB82.3 million for the same period of 2012.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Other income for the six months ended 30 June 2011 was government subsidies of approximately RMB81.7 million and bank interest income of approximately RMB4.2 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. Bank interest income increased as the bank deposits achieved higher return for the six months ended 30 June 2012 than in the same period of 2011.

Administrative expenses

Administrative expenses increased from approximately RMB28.1 million for the six months ended 30 June 2011 to approximately RMB44.3 million for the same period of 2012.

The administrative expenses for the six months ended 30 June 2012 primarily represented equity-settled share-based payment expenses of approximately RMB15.4 million (six months ended 30 June 2011: RMB10.8 million), salaries paid and payable to, and benefits for, our administrative and management staff of approximately RMB11.0 million (six months ended 30 June 2011: RMB5.6 million) and professional fees of approximately RMB13.6 million (six months ended 30 June 2011: RMB4.5 million).

Equity-settled share-based payment expenses increased from approximately RMB10.8 million for the six months ended 30 June 2011 to approximately RMB15.4 million for the same period of 2012 as longer period for the new grant of share options in May 2011 was involved in the calculation of the share option expenses for the six months ended 30 June 2012 than the same period of 2011. Professional fees increased as more consultancy fee was incurred for the six months ended 30 June 2012 for assistance in dealing with additional regulatory enquiries received.

Other expenses

Other expenses increased from approximately RMB38.3 million for the six months ended 30 June 2011 to approximately RMB171.4 million for the same period of 2012.

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.

Other expenses for the six months ended 30 June 2011 represented exchange loss of approximately RMB38.3 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. Exchange difference arose primarily from the translation and the settlement of monetary items such as bank balances, prepaid project payments and loans to a shareholder denominated in currencies other than Renminbi ("RMB"). No exchange loss was recorded for the six months ended 30 June 2012 as Hong Kong dollars ("HKD") appreciated slightly in the six months ended 30 June 2012 against RMB.

Income tax expense

Tax expenses were approximately RMB69.6 million and RMB162.3 million for the six months ended 30 June 2012 and 2011 respectively, representing income tax on the taxable profit generated from the gold mines, less any tax losses brought forward from prior years, the net amount being taxed at the PRC's Enterprise Income Tax rate of 25%.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Profit and total comprehensive income for the period attributable to owners

Profit and total comprehensive income attributable to owners of the Company for the six months ended 30 June 2012 was approximately RMB52.9 million (six months ended 30 June 2011: RMB355.2 million).

Cash flows

For the six-month periods ended 30 June 2012 and 2011, 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 2012 and 2011:

	For the six months ended	
	30 June 2012 RMB'000 (Unaudited)	30 June 2011 RMB'000 (Unaudited)
Net cash generated from operating activities	252,788	103,594
Net cash used in investing activities	(171,442)	(397,671)
Net cash used in financing activities	—	(30,951)
Net increase/(decrease) in cash and cash equivalents	81,346	(325,028)
Cash and cash equivalents at beginning of period	2,805,120	2,965,187
Cash and cash equivalents at end of period	2,886,466	2,640,223

Cash and cash equivalents increased in the amount of approximately RMB81.4 million from approximately RMB2,805.1 million as at 31 December 2011 to approximately RMB2,886.5 million as at 30 June 2012.

Approximately RMB252.8 million was generated from operating activities for the six months ended 30 June 2012. Net cash from operating activities was the net cash flow relating to cash inflow in respect of profit before tax adjusted for items not involving movement of cash, cash inflow in respect of the decrease in working capital under operating activities and cash outflow in respect of income tax paid.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Net cash used in investing activities amounted to approximately RMB171.4 million for the six months ended 30 June 2012, of which approximately RMB81.0 million related to the cash outflow in respect of the additions of exploration and evaluation assets and approximately RMB90.4 million related to the cash outflow in respect of the additions of property, plant and equipment.

No cash was generated from or used in financing activities for the six months ended 30 June 2012.

Borrowings

As at 30 June 2012 and 31 December 2011, 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 2012 and 31 December 2011.

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 2012, 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 2012	—	—	—	—	—	—
Balance as at 30 June 2012	—	337.5	—	—	—	—

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The unutilized balance is deposited in bank accounts at commercial banks in the PRC. The Group intends to utilize the net proceeds balance in the manner as set out above.

Capital expenditure

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.

For the six months ended 30 June 2011, the Group invested approximately RMB15.8 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 RMB4.0 million and RMB134.9 million respectively.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2012 and 31 December 2011.

Capital commitment

As at 30 June 2012, we had capital commitment of capital expenditure contracted for but not provided in the condensed consolidated financial statements of approximately RMB615.4 million (31 December 2011: RMB95.8 million) in respect of exploration projects.

Financial instruments

The Company did not have any hedging contracts or financial derivatives outstanding as at 30 June 2012 and 31 December 2011.

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 2012, the number of employees of the Group was 552 (31 December 2011: 578). For the six months ended 30 June 2012, 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 RMB33.4 million (six months ended 30 June 2011: RMB20.6 million).

Staff cost increased mainly because of more equity-settled share-based payment expenses.

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 2012:

Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per share HKD	Number of share options					
					Outstanding at 1.1.2012	Granted during the period	Lapsed during the period	Exercised during the period	Outstanding at 30.06.2012	
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 & 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	1,650,000	–	–	–	1,650,000	
		12.3.2009–11.3.2012	12.3.2012–11.3.2014	6.25	1,650,000	–	–	–	1,650,000	
		12.3.2009–11.3.2013	12.3.2013–11.3.2014	6.25	1,650,000	–	–	–	1,650,000	
	12.5.2011	12.5.2011–31.12.2011	1.1.2012–31.12.2016	10.17	5,650,000	–	–	–	5,650,000	
		12.5.2011–31.12.2012	1.1.2013–31.12.2016	10.17	5,650,000	–	–	–	5,650,000	
		12.5.2011–31.12.2013	1.1.2014–31.12.2016	10.17	5,650,000	–	–	–	5,650,000	
		12.5.2011–31.12.2014	1.1.2015–31.12.2016	10.17	5,650,000	–	–	–	5,650,000	
		12.5.2011–31.12.2015	1.1.2016–31.12.2016	10.17	5,650,000	–	–	–	5,650,000	
	Total					42,770,000	–	–	–	42,770,000

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Debt Restructuring

During the first quarter of 2011, two agreements for the acquisition of certain mining and exploration rights in relation to two phosphorus mines situated in Khovsgol Province, Mongolia for a consideration of HKD520,000,000 (the "Acquisition") were entered into between the Company and Top Lucky Management Limited (the "Top Lucky"), a company controlled by the then controlling shareholder of the Company Mr. Wu Ruilin ("Mr. Wu"), pursuant to which HKD449,200,000 was paid by the Company before the Acquisition was brought to a halt. In addition, between February 2011 and April 2011, three loan agreements were entered into between the Company and Mr. Wu, pursuant to which a total of approximately HKD955,000,000 was lent by the Company to Mr. Wu (the "Financial Assistance"). As at 31 May 2012, a total loan balance of approximately HKD316,221,000, together with the corresponding accrued interest (including punitive interest) of approximately HKD28,727,000 remained outstanding from Mr. Wu. For further details on the Acquisition and the Financial Assistance, please refer to the announcement of the Company dated 22 August 2011.

In light of the outstanding amounts of approximately HKD794,148,000 ("Debts") collectively owed by Top Lucky and Mr. Wu pursuant to the Acquisition and the Financial Assistance, the Company, Mr. Wu, Top Lucky, Quanmin Investments Limited ("Quanmin") and Victory Gold Management Inc. (together with Quanmin, the "New Debtors") entered into a debt restructuring agreement on 26 June 2012 (the "Debt Restructuring Agreement"). Pursuant to the Debt Restructuring Agreement, the Company agreed, subject to certain conditions therein, during the Standstill Period (as defined therein) to (i) not pursue the repayment of the Debts; and (ii) not take any legal action against Mr. Wu and Top Lucky in respect of the Debts, subject to, the New Debtors agreeing to assume the obligation of payment of the Debts. For further details on the Debt Restructuring Agreement, please refer to the Company's announcement dated 26 June 2012 and circular dated 10 September 2012.

An extraordinary general meeting was held on 26 September 2012 ("EGM") and the resolution to approve the Debt Restructuring Agreement and the transactions contemplated thereunder was passed. Completion of the Debt Restructuring Agreement took place on 27 September 2012. The poll results of the EGM and details of the completion were set out in the Company's announcements dated 26 September 2012 and 27 September 2012 respectively.

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 Shuibei zhubao 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 months ended 30 June 2012 (six months ended 30 June 2011: HKD0.05 per share).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 2012, the Group had bank balances, as well as balances of prepaid project payments and loans to a shareholder that were denominated in foreign currencies which exposed the Group to foreign currency risks. The Group was mainly exposed to the fluctuation of HKD. The Group manages and monitors foreign exchange exposure to ensure appropriate measures are implemented in a timely and effective manner. No foreign currency hedging activity is currently undertaken by the Group.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2012.

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 2012, 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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 the 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 & 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 2012, 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.

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

As at 30 June 2012 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 (Note i)	Beneficial owner	479,376,000	52.75%	234,376,000	25.79%
Tercel Holdings Limited (Note i)	Interest of controlled corporation	479,376,000	52.75%	234,376,000	25.79%
Credit Suisse Trust Limited (Note i)	Trustee	479,376,000	52.75%	234,376,000	25.79%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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
Wu Ruilin (Note i)	Founder of a discretionary trust	479,376,000	52.75%	234,376,000	25.79%
Citigroup Inc. (Note ii & iii)	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 (Note iv)	Investment manager	77,678,000	8.54%	N/A	N/A
Value Partners Group Limited (Note iv)	Interest of controlled corporation	77,678,000	8.54%	N/A	N/A
Cheah Capital Management Limited (Note iv)	Interest of controlled corporation	77,678,000	8.54%	N/A	N/A
Cheah Company Limited (Note iv)	Interest of controlled corporation	77,678,000	8.54%	N/A	N/A
Hang Seng Bank Trustee International Limited (Note iv)	Trustee	77,678,000	8.54%	N/A	N/A
Cheah Cheng Hye (Note iv)	Founder of a discretional trust	77,678,000	8.54%	N/A	N/A
To Hau Yin (Note iv)	Interest of spouse of a substantial shareholder	77,678,000	8.54%	N/A	N/A

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%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Notes:

(i) As at 30 June 2012, 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.

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. Citigroup Financial Products Inc. was controlled by Citigroup Global Markets Holdings Inc. which was in turn controlled by Citigroup Inc.

Citigroup Global Markets Holdings 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 2012, 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.

Other than as disclosed above, as at 30 June 2012, 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.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as set out in Appendix 10 of the Rules Governing the Listing 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 2012.

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 2012 (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 Company 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 2012 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 21 to 32 which comprises the condensed consolidated statement of financial position of the Company as at 30 June 2012 and the related condensed consolidated statement of 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.

BASIS FOR QUALIFIED CONCLUSION

Corresponding figures

A subsidiary of the Company, Shangrao City Jinshi Mining Technology Development Limited (上饒市金石礦業科技開發有限公司), was disposed of by the Group during the six months period ended 30 June 2011. No sufficient evidence has been provided to satisfy ourselves as to the loss on disposal of a subsidiary of approximately RMB69,343,000 for the six months period ended 30 June 2011.

INDEPENDENT REVIEW REPORT (CONTINUED)

CONCLUSION

Based on our review, except for the possible effects of the matter as described in the basis for qualified conclusion paragraph, 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.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Ng Ka Lok

Practising Certificate Number P06084

Hong Kong, 30 May 2016

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the six months ended	
		30 June 2012 RMB'000 (Unaudited)	30 June 2011 RMB'000 (Unaudited)
Revenue		451,171	734,193
Cost of sales		(210,318)	(167,125)
Gross profit		240,853	567,068
Other income		82,259	85,945
Administrative expenses		(44,262)	(28,075)
Other expenses		(171,442)	(38,251)
Profit from operations		107,408	586,687
Loss on disposal of a subsidiary		—	(69,343)
Profit before tax	4	107,408	517,344
Income tax expense	5	(69,581)	(162,313)
Profit and total comprehensive income for the period		37,827	355,031
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		52,943	355,232
Non-controlling interests		(15,116)	(201)
		37,827	355,031
Earnings per share:			
Basic	7	RMB5.83 cents	RMB39.09 cents
Diluted	7	RMB5.81 cents	RMB38.87 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
	Notes	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	8	1,107	1,500
Mining rights		—	—
Exploration and evaluation assets		480,170	480,170
Prepaid land lease payments		2,785	2,815
Prepaid project payments		366,197	364,166
		850,259	848,651
Current assets			
Prepaid land lease payments		62	62
Loans to a shareholder		257,790	256,360
Inventories		6,430	8,765
Trade and other receivables	9	49,881	48,866
Bank and cash balances		2,886,466	2,805,120
		3,200,629	3,119,173
Current liabilities			
Other payables		95,222	72,860
Current tax liabilities		30,220	22,782
		125,442	95,642
Net current assets		3,075,187	3,023,531
Total assets less current liabilities		3,925,446	3,872,182
Non-current liabilities			
Provision for restoration cost		9,094	9,094
Deferred tax liabilities		16,724	16,724
		25,818	25,818
NET ASSETS		3,899,628	3,846,364

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at	
	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Capital and reserves		
Share capital	797,619	797,619
Reserves	3,077,172	3,008,792
Equity attributable to owners of the Company	3,874,791	3,806,411
Non-controlling interests	24,837	39,953
TOTAL EQUITY	3,899,628	3,846,364

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2012

	Attributable to owners of the Company									
	Share capital	Share premium	Statutory reserve	Capital reserve	Other reserve	Share options reserve	Retained profits	Total	Non-Controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2011 (audited)	796,494	2,495,623	73,165	6,267	(143,287)	14,404	1,347,715	4,590,381	135,074	4,725,455
Profit and total comprehensive income for the period (unaudited)	—	—	—	—	—	—	355,232	355,232	(201)	355,031
Recognition of equity-settled share-based payment expenses (unaudited)	—	—	—	—	—	10,791	—	10,791	—	10,791
Exercise of share options (unaudited)	1,125	8,155	—	—	—	(2,250)	—	7,030	—	7,030
Dividend paid (unaudited)	—	(37,981)	—	—	—	—	—	(37,981)	—	(37,981)
Exchange realignment (unaudited)	—	—	—	—	—	(82)	—	(82)	—	(82)
Lapse of share options (unaudited)	—	—	—	—	—	(624)	624	—	—	—
Changes in equity for the period (unaudited)	1,125	(29,826)	—	—	—	7,835	355,856	334,990	(201)	334,789
At 30 June 2011 (unaudited)	797,619	2,465,797	73,165	6,267	(143,287)	22,239	1,703,571	4,925,371	134,873	5,060,244
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
Profit and total comprehensive income 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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 June 2012 RMB'000 (Unaudited)	30 June 2011 RMB'000 (Unaudited)
Net cash generated from operating activities	252,788	103,594
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(90,442)	(74,383)
Decrease in amount due from non-controlling interests	—	1,600
Loans to a shareholder	—	(262,975)
Additions of exploration and evaluation assets	(81,000)	(94,642)
Disposal of a subsidiary	—	32,729
Net cash used in investing activities	(171,442)	(397,671)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	—	7,030
Dividend paid	—	(37,981)
Net cash used in financing activities	—	(30,951)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	81,346	(325,028)
Effect of foreign exchange rate changes	—	64
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,805,120	2,965,187
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,886,466	2,640,223
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	2,886,466	2,640,223

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2012

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 2012 have been prepared on the historical cost basis and in accordance with International Accounting Standard 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 consolidated financial statements for the year ended 31 December 2011. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are consistent with those followed in the preparation of the Group's the annual consolidated financial statements for the year ended 31 December 2011.

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 2012. 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.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2012

3. SEGMENT INFORMATION (Continued)

The Group acquired certain subsidiaries engaged in exploration activities in Yunnan, Jiangxi and Guangxi, the PRC. The CODM also reviewed financial information of each subsidiary separately. Because all these subsidiaries carry out exploration activities, they are aggregated as one reportable segment of exploration of gold mines.

The Group's reportable segments are set out as follows:

- (i) Ore processing plant in Nantaizi — the mining and ore processing activities in respect of the mines in Nantaizi and Shirengou;
- (ii) Ore processing plant in Luotuochang — the mining and ore processing activities in respect of the mine in Luotuochang;
- (iii) Exploration of gold mines — the exploration activities in various places.

Information about reportable segment 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
For the six months ended				
30 June 2012 (Unaudited)				
Revenue from external customers	301,824	149,347	—	451,171
Segment profit/(loss) before tax	160,229	40,764	(81,547)	119,446
As at 30 June 2012 (Unaudited)				
Segment assets	17,091	8,020	482,201	507,312
	Ore processing plant in Nantaizi RMB'000	Ore processing plant in Luotuochang RMB'000	Exploration of gold mines RMB'000	Total RMB'000
For the six months ended				
30 June 2011 (Unaudited)				
Revenue from external customers	514,887	219,306	—	734,193
Segment profit/(loss) before tax	477,863	168,348	(2,043)	644,168
As at 31 December 2011 (Audited)				
Segment assets	21,743	13,243	482,029	517,015

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2012

3. SEGMENT INFORMATION (Continued)

Reconciliations of reportable segment profit or loss:

	For the six months ended	
	30 June 2012 RMB'000 (Unaudited)	30 June 2011 RMB'000 (Unaudited)
Profit or loss		
Total profit of reportable segments	119,446	644,168
Unallocated other income	26,154	4,047
Unallocated corporate expenses	(38,192)	(23,277)
Unallocated other expenses	—	(38,251)
Loss on disposal of a subsidiary	—	(69,343)
Consolidated profit before tax	107,408	517,344

4. PROFIT BEFORE TAX

	For the six months ended	
	30 June 2012 RMB'000 (Unaudited)	30 June 2011 RMB'000 (Unaudited)
The Group's profit before tax is stated after charging the followings:		
Amortisation of mining rights (included in cost of sales)	—	5,439
Amortisation of prepaid land lease payments	30	63
Depreciation of property, plant and equipment	393	12,646
Equity-settled share-based payment expenses (included in administrative expenses)	15,437	10,791
Exchange loss (included in other expenses)	—	38,251
Impairment losses of property, plant and equipment	90,442	—
Impairment losses of exploration and evaluation assets	81,000	—
and after crediting the followings:		
Bank interest income (included in other income)	8,277	4,186
Exchange gain (included in other income)	8,493	—
Interest income arising from loans to a shareholder (included in other income)	9,506	—

Included in the other income is an aggregate amount of approximately RMB55,983,000 (six months ended 30 June 2011: RMB81,759,000) 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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2012

5. INCOME TAX EXPENSE

	For the six months ended	
	30 June 2012 RMB'000 (Unaudited)	30 June 2011 RMB'000 (Unaudited)
Current tax — PRC Enterprise Income Tax	69,581	162,313

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 2011: 25%).

6. DIVIDEND

	For the six months ended	
	30 June 2012 RMB'000 (Unaudited)	30 June 2011 RMB'000 (Unaudited)
2010 final dividend of HKD0.05 per ordinary share paid	—	37,984

7. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

	For the six months ended	
	30 June 2012 RMB'000 (Unaudited)	30 June 2011 RMB'000 (Unaudited)
Earnings		
Profit attributable to owners of the Company used in the basic and diluted earnings per share calculation	52,943	355,232
Number of shares		
Weighted average number of ordinary shares used in basic earnings per share calculation	908,786,213	908,757,042
Effect of dilutive potential ordinary shares arising from share options	2,403,775	5,081,069
Weighted average number of ordinary shares used in diluted earnings per share calculation	911,189,988	913,838,111

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2012

8. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2012, the Group acquired property, plant and equipment of approximately RMB90,442,000 (six months ended 30 June 2011: RMB74,383,000).

9. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Prepayments, deposits and other receivables	35,235	26,577
Trade receivables	14,646	22,289
	49,881	48,866

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

	As at	
	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
0 to 90 days	14,646	22,289

The average credit period granted to the Group's customers is 90 days (31 December 2011: 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 2012

10. CAPITAL COMMITMENTS

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

	As at	
	30 June 2012 RMB'000 (Unaudited)	31 December 2011 RMB'000 (Audited)
Capital expenditure in respect of exploration projects		
Contracted for but not provided in the condensed consolidated financial statements	615,383	95,833

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 2012 RMB'000 (Unaudited)	30 June 2011 RMB'000 (Unaudited)
(i) The remuneration of directors and key management during the period is as follows:		
Short-term benefits	1,818	1,006
Other long-term benefits	24	35
Equity-settled share-based payment expenses	3,811	1,623
	5,653	2,664
(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 2012

11. RELATED PARTY TRANSACTIONS (Continued)

As at 30 June 2012, the Group had the following material balances with related parties:

	As at	
	30 June 2012	30 June 2011
	RMB'000	RMB'000
	(Unaudited)	(Audited)
(a) Prepayments to a company controlled by the then controlling shareholder of the Company, Mr. Wu Ruilin:		
Prepaid project payments	366,197	364,166
(b) Loans to the then controlling shareholder of the Company, Mr. Wu Ruilin:		
Loan to a shareholders	257,790	256,360

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.