

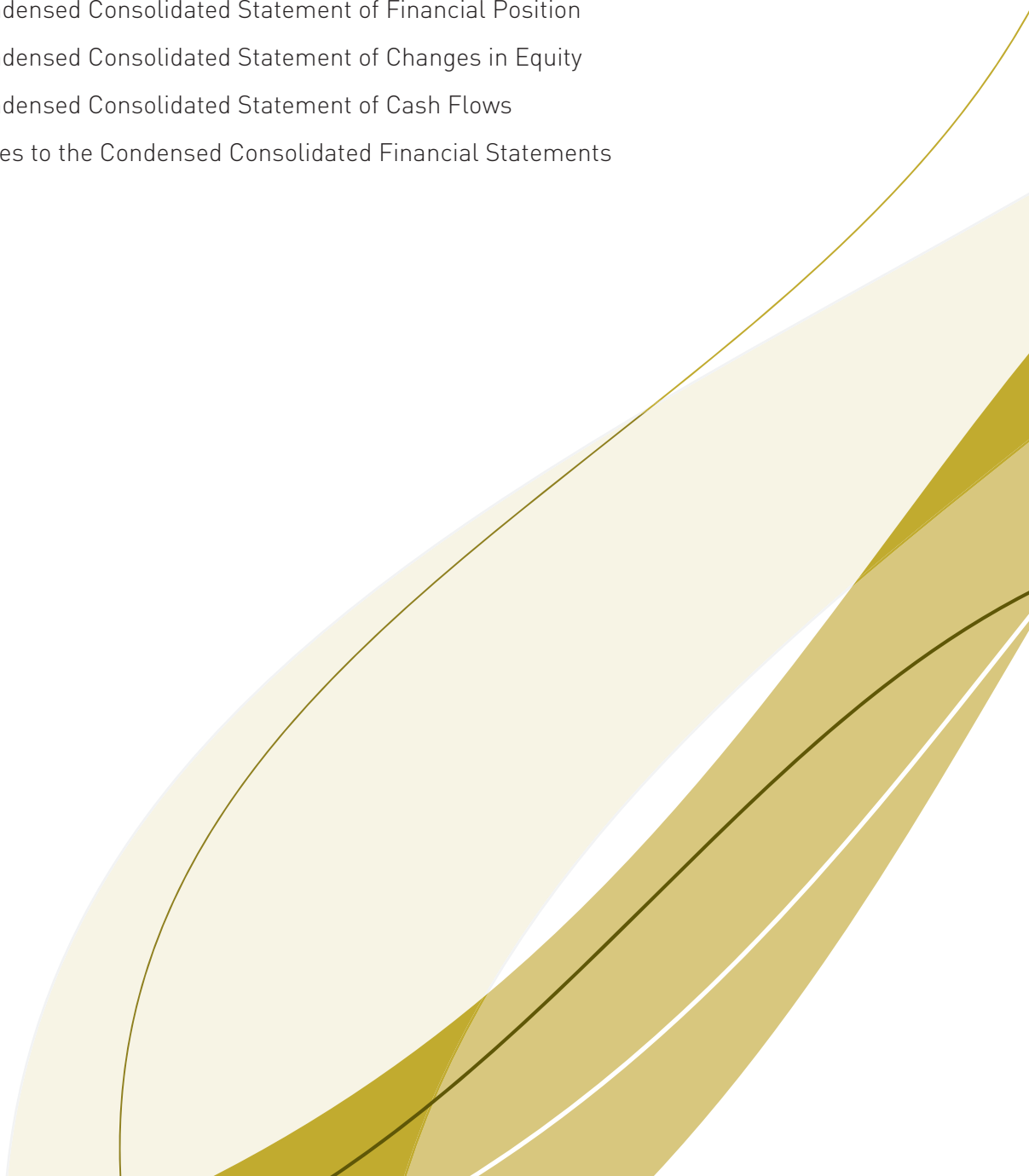


Real Gold Mining Limited
瑞金礦業有限公司

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

Interim Report 2015

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CORPORATE INFORMATION

DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

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

NOMINATION AND REMUNERATION COMMITTEE

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

AUDIT AND RISK MANAGEMENT COMMITTEE

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

COMPANY SECRETARY

Mr. Leung Wai Chiu, Albert

AUTHORIZED REPRESENTATIVES

Mr. Cui Jie
Mr. Leung Wai Chiu, Albert

INVESTOR RELATIONS CONTACT

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

AUDITORS

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

LEGAL ADVISOR

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

REGISTERED OFFICE

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

CORPORATE INFORMATION (CONTINUED)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

HEADQUARTERS OF THE COMPANY

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

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

STOCK NAME

Real Gold Mining Limited
(RealGold Mining)

STOCK CODE

246

WEBSITE OF THE COMPANY

www.realgoldmining.com

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-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15	1H15	1H14	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 (%)	99.4	98.7	99.6	99.4	98.9	99.0	99.2	99.7	—
Production Days (Days)	20.0	16.2	25.3	29.8	26.4	26.4	144.1	154.0	-6%
Ore Processed (kt)	29.4	23.7	37.3	43.8	38.6	38.7	211.5	227.2	-7%
Average Gold Grade (g/t)	3.4	3.4	3.6	3.5	6.2	7.3	4.7	1.1	326%
Average Recovery Rate (%)	80.2	80.6	80.8	80.7	80.8	81.0	80.7	82.2	-2%
Payable Gold (koz)	2.6	2.1	3.5	4.0	6.2	7.4	25.7	6.6	289%
Equivalent Gold (koz)	3.1	2.5	4.2	4.9	8.0	9.5	32.2	8.7	270%
Luotuochang Processing Plant									
Average Daily Capacity (t/day)	—	—	—	—	—	—	—	1,100	—
Utilization Rate (%)	—	—	—	—	—	—	—	99.5	—
Production Days (Days)	—	—	—	—	—	—	—	153.0	—
Ore Processed (kt)	—	—	—	—	—	—	—	167.5	—
Average Gold Grade (g/t)	—	—	—	—	—	—	—	0.8	—
Average Recovery Rate (%)	—	—	—	—	—	—	—	75.0	—
Payable Gold (koz)	—	—	—	—	—	—	—	3.1	—
Equivalent Gold (koz)	—	—	—	—	—	—	—	6.0	—
Total Payable Gold (koz)	2.6	2.1	3.5	4.0	6.2	7.4	25.7	9.7	165%
Total Produced Equivalent Gold (koz)	3.1	2.5	4.2	4.9	8.0	9.5	32.2	14.7	119%

OPERATIONAL CONDITIONS OF THE SHIRENGOU-NANTAIZI PROCESSING PLANT

The total amount of ore processed for the six months ended 30 June 2015 was approximately 211,500 tonnes, representing a decrease of approximately 7% from the same period of 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The average gold grade for the six months ended 30 June 2015 was approximately 4.7 grams per tonne and the average recovery rate was approximately 80.7%.

The total production of payable gold and equivalent gold at Shirengou-Nantaizi Processing Plant for the six months ended 30 June 2015 was approximately 25,700 ounces and 32,200 ounces respectively, representing an increase of approximately 289% and 270% respectively from the same period of 2014.

The increase in the total production of payable gold at Shirengou-Nantaizi Processing Plant was mainly due to the increase in the average gold grade. In the six months ended 30 June 2015, sectors with relatively stable hanging walls were selected for mining, which resulted in lower dilution and higher grade.

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

OPERATIONAL CONDITIONS OF THE LUOTUOCHANG PROCESSING PLANT

There was no production at Luotuochang Processing Plant for the six months ended 30 June 2015.

Overall, the Company produced approximately 25,700 ounces of payable gold and approximately 32,200 ounces of equivalent gold for the six months ended 30 June 2015. Total production of payable gold and equivalent gold of the entire Group increased approximately 165% and 119% respectively compared with the same period of 2014, despite no production at Luotuochang Gold Mine and Luotuochang Processing Plant, as the decrease in production owing to the temporary suspension at Luotuochang Processing Plant was more than made up for by the increase at Shirengou-Nantaizi Processing Plant.

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") (赤峰富僑礦業有限公司), being a subsidiary indirectly held and wholly owned by the Company, has in the first quarter of 2015 acquired 70% of the equity interest of Inner Mongolia Siziwangqi Gaotai Mining Company Limited* ("Gaotai Mining") (內蒙古四子王旗高台礦業有限責任公司), which owns Gaotaizi Gold Mine. There is currently no production at the Gaotaizi Gold Mine. The Company is carrying out exploration activities in the deeper and the outer parts of the mine in preparation for expansion of production capacity in the future.

As at the date of this interim report, the Company also owns Yandan Gold Mine, Yantang Gold Mine and nine other smaller gold mines in Guangxi. The Company is still in the process of applying for the mining permits for Yandan Gold Mine in Guangxi in accordance with the requisite procedure. For Yantang Gold Mine and two smaller gold mines in Guangxi, some ore reserves have been indicated by geological surveys. Relevant work is being carried out before the Company starts to apply for the mining permits.

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 increased from approximately RMB98.5 million for the six months ended 30 June 2014 to approximately RMB190.0 million for the same period of 2015. The increase was the net result of the favorable and unfavorable factors set out below. Favorable factor was mainly the increase in the gold grade while unfavorable factors were the decreases in the average price of gold, as well as the suspension of the mining activities at Luotuochang Gold Mine.

Cost of sales

Cost of sales was approximately RMB196.6 million for the six months ended 30 June 2015, decreased from approximately RMB298.0 million for the same period of 2014, mainly owing to the suspension of the mining activities at Luotuochang Gold Mine. Cost of sales was related to the mining and the processing activities and the factors leading to the increase in revenue did not have much impact on it. 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 2015, our cost of sales accounted for approximately 103.5% of our total revenue, decreasing from approximately 302.5% for the same period of 2014, owing to the significant increase of revenue as well as the decrease in cost of sales.

Gross loss and gross margin

As a result of the foregoing, gross loss was approximately RMB6.6 million (six months ended 30 June 2014: RMB199.5 million) and gross margin was approximately -3.5% (six months ended 30 June 2014: -202.5%) for the six months ended 30 June 2015.

Other income

Other income increased from approximately RMB29.2 million for the six months ended 30 June 2014 to approximately RMB33.7 million for the same period of 2015.

Other income for the six months ended 30 June 2015 consisted mainly of government subsidies of approximately RMB25.8 million and bank interest income of approximately RMB7.9 million.

Other income for the six months ended 30 June 2014 consisted mainly of government subsidies of approximately RMB11.0 million, interest income of approximately RMB2.3 million arising from amounts due from debtors, exchange gain of approximately RMB9.1 million and bank interest income of approximately RMB6.8 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 increase in government subsidies was due to the increase in revenue.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Administrative expenses

Administrative expenses decreased from approximately RMB23.7 million for the six months ended 30 June 2014 to approximately RMB22.8 million for the same period of 2015.

The administrative expenses for the six months ended 30 June 2015 primarily represented equity-settled share-based payment expenses of approximately RMB2.5 million (six months ended 30 June 2014: RMB5.2 million), salaries paid and payable to, and benefits for, our administrative and management staff of approximately RMB8.9 million (six months ended 30 June 2014: RMB10.5 million) and professional fees of approximately RMB5.6 million (six months ended 30 June 2014: RMB4.7 million).

Equity-settled share-based payment expenses decreased from approximately RMB5.2 million for the six months ended 30 June 2014 to approximately RMB2.5 million for the same period of 2015 as fewer share options were involved in the calculation of the expense for the six months ended 30 June 2015 than the same period of 2014.

Other expenses

Other expenses decreased from approximately RMB271.1 million for the six months ended 30 June 2014 to approximately RMB36.3 million for the same period of 2015.

Other expenses for the six months ended 30 June 2015 represented impairment losses on property, plant and equipment of approximately RMB14.7 million, impairment losses on exploration and evaluation assets were approximately RMB21.4 million.

Other expenses for the six months ended 30 June 2014 represented impairment losses on property, plant and equipment of approximately RMB271.1 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. Less impairment losses were recognized for the six months ended 30 June 2015 than the same period of 2014 as there were fewer such investments for the six months ended 30 June 2015.

Income tax expense

Tax expenses were nil for the six-month periods ended 30 June 2015 and 2014.

Loss and total comprehensive loss for the period attributable to owners

Loss and total comprehensive loss attributable to owners of the Company for the six months ended 30 June 2015 was approximately RMB28.7 million (six months ended 30 June 2014: RMB465.0 million).

Cash flows

For the six-month periods ended 30 June 2015 and 2014, we principally engaged in the exploration, mining and processing of gold ore and sale of concentrates in the PRC.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 2015 and 2014:

	For the six months ended	
	30 June 2015 RMB'000 (Unaudited)	30 June 2014 RMB'000 (Unaudited)
Net cash generated from/(used in) operating activities	92,274	(162,383)
Net cash used in investing activities	(104,157)	(141,554)
Net decrease in cash and cash equivalents	(11,883)	(303,937)
Cash and cash equivalents at beginning of period	794,270	1,328,742
Cash and cash equivalents at end of period	782,387	1,024,805

Cash and cash equivalents decreased in the amount of approximately RMB11.9 million from approximately RMB794.3 million as at 31 December 2014 to approximately RMB782.4 million as at 30 June 2015.

Approximately RMB92.3 million was generated from operating activities for the six months ended 30 June 2015. Net cash generated from operating activities was the cash inflow in respect of profits before tax adjusted for items not involving movement of cash and the decrease in working capital under operating activities.

Net cash used in investing activities amounted to approximately RMB104.2 million for the six months ended 30 June 2015, of which approximately RMB44.7 million related to the cash outflow in respect of the additions of property, plant and equipment and approximately RMB59.5 million related to the cash outflow in respect of the acquisition of a subsidiary.

No cash was generated from or used in financing activities for the six months ended 30 June 2015.

Borrowings

As at 30 June 2015 and 31 December 2014, 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 2015 and 31 December 2014.

Pledge of assets

There were no significant charges on the assets of the Group as at 30 June 2015 and 31 December 2014.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 2015, 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 2015	—	—	—	—	—	—
Balance as at 30 June 2015	—	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 2015, 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 Yantang-Yandan Mining Complex amounted to approximately RMB21.4 million.

For the six months ended 30 June 2014, the Group invested approximately RMB271.1 million mainly in the construction of mining structures, property, plant and equipment at the mines in operation.

Contingent liabilities

The Group did not have any significant contingent liabilities as at 30 June 2015 and 31 December 2014.

Capital commitment

As at 30 June 2015, we had capital commitment of capital expenditure contracted for but not provided in the condensed consolidated financial statements of approximately RMB275.3 million (31 December 2014: RMB346.6 million) in respect of exploration projects.

Financial instruments

The Company did not have any hedging contracts or financial derivatives outstanding as at 30 June 2015 and 31 December 2014.

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 2015, the number of employees of the Group was 298 (31 December 2014: 488). For the six months ended 30 June 2015, 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 RMB15.6 million (six months ended 30 June 2014: RMB24.4 million). Staff cost decreased mainly because the number of employees and equity-settled share-based payments decreased.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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.

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 2015:

Grantee	Date of grant	Vesting period	Exercisable period	Exercise price per share HKD	Number of share options				Outstanding at 30.06.2015
					Outstanding at 1.1.2015	Granted during the period	Lapsed during the period	Exercised during the period	
Lu Tianjun <i>(Director)</i>	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>	12.5.2011	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>	12.5.2011	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	12.5.2011	12.5.2011-31.12.2011	1.1.2012-31.12.2016	10.17	3,070,000	—	(250,000)	—	2,820,000
		12.5.2011-31.12.2012	1.1.2013-31.12.2016	10.17	3,070,000	—	(250,000)	—	2,820,000
		12.5.2011-31.12.2013	1.1.2014-31.12.2016	10.17	3,070,000	—	(250,000)	—	2,820,000
		12.5.2011-31.12.2014	1.1.2015-31.12.2016	10.17	3,070,000	—	(250,000)	—	2,820,000
		12.5.2011-31.12.2015	1.1.2016-31.12.2016	10.17	3,070,000	—	(250,000)	—	2,820,000
Total					21,950,000	—	(1,250,000)	—	20,700,000

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Dividend

No interim dividend was recommended by the Board for the six-month periods ended 30 June 2015 and 2014.

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 Renminbi ("RMB") is the functional and presentation currency of the Company. During the six months ended 30 June 2015, the Group had bank balances that were denominated in foreign currencies which exposed the Group to foreign currency risks. The Group was mainly exposed to the fluctuation of Hong Kong dollars. 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 2015.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

As at 30 June 2015, the directors and chief executive of the Company had the following interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) (the "SFO"), which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into the register required to be kept by the Company pursuant to section 352 of the SFO; or (c) as otherwise notified to the Company and 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	1,650,000	1,650,000
Ma Wenxue (<i>Director & Chief Executive Officer</i>)	Beneficial owner	1,650,000	1,650,000
Cui Jie (<i>Director</i>)	Beneficial owner	1,650,000	1,650,000
Li Qing (<i>Director</i>)	Beneficial owner	1,650,000	1,650,000

Other than as disclosed above, as at 30 June 2015, so far as known to any directors or chief executive of the Company, neither the directors nor the chief executive, had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) to be and were entered into in the register that was required to be kept under Section 352 of the SFO; or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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

As at 30 June 2015 and so far as known to any director or chief executive of the Company, shareholders (other than a director or chief executive of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept pursuant to Section 336 of the SFO were as follows:

Long and short positions in ordinary shares of HKD1.00 each of the Company

(including equity derivative interests)

Name of shareholder	Capacity	Long position number of ordinary shares	Long position percentage of the issued share capital of the Company	Short position number of ordinary shares	Short position percentage of the issued share capital of the Company
Lead Honest Management Limited <i>(Note i)</i>	Beneficial owner	140,000,000	15.41%	107,408,809	11.82%
Tercel Holdings Limited <i>(Note i)</i>	Interest of controlled corporation	140,000,000	15.41%	107,408,809	11.82%
Credit Suisse Trust Limited <i>(Note i)</i>	Trustee	140,000,000	15.41%	107,408,809	11.82%
Wu Ruilin <i>(Note i)</i>	Founder of a discretionary trust	140,000,000	15.41%	107,408,809	11.82%
Citigroup Inc. <i>(Note ii & iii)</i>	Interest of controlled corporation	107,866,856	11.87%	N/A	N/A
	Custodian corporation/approved lending agent	4,434,802	0.49%	N/A	N/A
	Person having a security interest	362,000	0.04%	N/A	N/A
Value Partners Limited <i>(Note iv)</i>	Investment manager	77,678,000	8.54%	N/A	N/A
Value Partners Group Limited <i>(Note iv)</i>	Interest of controlled corporation	77,678,000	8.54%	N/A	N/A
Cheah Capital Management Limited <i>(Note iv)</i>	Interest of controlled corporation	77,678,000	8.54%	N/A	N/A
Cheah Company Limited <i>(Note iv)</i>	Interest of controlled corporation	77,678,000	8.54%	N/A	N/A
BNP Paribas Jersey Nominee Company Limited <i>(Note iv)</i>	Nominee	77,678,000	8.54%	N/A	N/A

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
BNP Paribas Jersey Trust Corporation Limited <i>(Note iv)</i>	Trustee	77,678,000	8.54%	N/A	N/A
Cheah Cheng Hye <i>(Note iv)</i>	Founder of a discretionary trust	77,678,000	8.54%	N/A	N/A
To Hau Yin <i>(Note iv)</i>	Interest of spouse of a substantial shareholder	77,678,000	8.54%	N/A	N/A
Victory Gold Management Inc. <i>(Note v)</i>	Beneficial owner	113,125,333	12.44%	N/A	N/A
Shi Guangwei <i>(Note v)</i>	Interest of controlled corporation	113,125,333	12.44%	N/A	N/A
Quanmin Investments Limited <i>(Note vi)</i>	Beneficial owner	226,250,667	24.90%	N/A	N/A
Rosy China Enterprise Limited <i>(Note vi)</i>	Interest of controlled corporation	226,250,667	24.90%	N/A	N/A
Tao Yuze <i>(Note vi)</i>	Interest of controlled corporation	226,250,667	24.90%	N/A	N/A
Zhang Yanchun <i>(Note vi)</i>	Interest of controlled corporation	226,250,667	24.90%	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 <i>(Note i)</i>	N/A	N/A	107,408,809	11.82%
Tercel Holdings Limited <i>(Note i)</i>	N/A	N/A	107,408,809	11.82%
Credit Suisse Trust Limited <i>(Note i)</i>	N/A	N/A	107,408,809	11.82%
Wu Ruilin <i>(Note i)</i>	N/A	N/A	107,408,809	11.82%

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Notes:

(i) As at 30 June 2015, 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 4,434,802 shares, representing 0.48% 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 Hong Kong Limited was interested in a long position of 107,850,676 shares of the Company.

Citigroup Global Markets Hong Kong Limited was controlled by Citigroup Financial Products Inc.

Citigroup Global Markets Ltd. was interested in a long position of 378,180 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 Europe Ltd. was deemed to be interested in a long position of 378,180 shares of the Company.

Citigroup Global Markets (International) Finance AG was deemed to be interested in a long position of 378,180 shares of the Company.

Citigroup Global Markets International LLC was deemed to be interested in a long position of 378,180 shares of the Company.

Citigroup Financial Products Inc. was deemed to be interested in a long position of 108,228,856 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 108,228,856 shares of the Company.

Citibank N.A. was interested in a long position of 4,434,802 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 4,434,802 shares of the Company.

(iv) As at 30 June 2015, 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 BNP Paribas Jersey Nominee Company Limited, which in turn was 100% controlled by BNP Paribas Jersey Trust Corporation Limited. BNP Paribas Jersey Trust Corporation Limited was the trustee of the C H Cheah Family Trust, of which Mr. Cheah Cheng Hye was the founder. Ms. To Hau Yin was the spouse of Mr. Cheah Cheng Hye.

(v) As at 30 June 2015, Victory Gold Management Inc. was 100% controlled by Mr. Shi Guangwei.

(vi) As at 30 June 2015, Quanmin Investments Limited was 100% controlled by Rosy China Enterprise Limited, which was controlled by Mr. Tao Yuze and Mr. Zhang Yanchun.

Other than as disclosed above, as at 30 June 2015, 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 2015.

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 2015 (the "Reporting Period"), and has formed the opinion that the Company, throughout the Reporting Period, has complied with the code provisions ("Code Provisions") as set out in the CG Code except for the following deviations:

Relevant Code

Provisions	Deviations from the relevant Code Provisions	Remedial Actions
C1.2	No monthly updates about the Company had been given to the directors during the Reporting Period.	The Company has been in compliance with this code provision since the management started to provide the directors with monthly management accounts of the Companies and its subsidiaries starting from July 2015.
D.2.1 and D.2.2	The Investigation Committee established in the board meetings of 28 July 2011 and 1 August 2011 was not given formal terms of reference to clearly set out its powers and functions as required under Code Provisions D.2.1 and D.2.2.	The Investigation Committee was dissolved on 24 December 2015. In the future, when board committees are established, they will be given formal terms of references with the requirement (among other things) that they report back to the Board on their decisions or recommendations.

AUDIT AND RISK MANAGEMENT COMMITTEE

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

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

The unaudited interim results of the Group for the six months ended 30 June 2015 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 SHAREHOLDERS 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 2015 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board. The directors are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

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

CONCLUSION

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

INDEPENDENT REVIEW REPORT (CONTINUED)

EMPHASIS OF MATTER

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

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Ng Ka Lok

Practising Certificate Number P06084

Hong Kong, 30 May 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six months ended	
		30 June 2015 RMB'000 (Unaudited)	30 June 2014 RMB'000 (Unaudited)
Revenue		189,958	98,515
Cost of sales		(196,564)	(297,989)
Gross loss		(6,606)	(199,474)
Other income		33,727	29,199
Administrative expenses		(22,807)	(23,718)
Other expenses		(36,291)	(271,052)
Loss before tax	4	(31,977)	(465,045)
Income tax expense	5	—	—
Loss and total comprehensive loss for the period		(31,977)	(465,045)
Loss and total comprehensive loss for the period attributable to:			
Owners of the Company		(28,720)	(464,994)
Non-controlling interests		(3,257)	(51)
		(31,977)	(465,045)
Loss per share			
Basic	6	(RMB3.16 cents)	(RMB51.17 cents)
Diluted	6	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		As at	
	Notes	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	7	76,736	77,705
Mining rights		3,636	3,656
Exploration and evaluation assets	8	598,576	506,668
Prepaid land lease payments		2,614	2,645
		681,562	590,674
Current assets			
Prepaid land lease payments		62	62
Inventories		8,473	11,592
Trade and other receivables	9	30,592	40,760
Bank and cash balances		782,387	794,270
		821,514	846,684
Current liabilities			
Other payables		209,371	139,724
Current tax liabilities		964	915
		210,335	140,639
Net current assets			
		611,179	706,045
Total assets less current liabilities			
		1,292,741	1,296,719
Non-current liabilities			
Provision for restoration cost		9,094	9,094
Deferred tax liabilities		16,724	16,724
		25,818	25,818
NET ASSETS			
		1,266,923	1,270,901
Capital and reserves			
Share capital		797,619	797,619
Reserves		484,615	510,836
Equity attributable to owners of the Company		1,282,234	1,308,455
Non-controlling interests		(15,311)	(37,554)
TOTAL EQUITY			
		1,266,923	1,270,901

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015

	Attributable to owners of the Company									
	Share capital	Share premium	Statutory reserve	Capital reserve	Other reserve	Share options reserve	Accumulated losses	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 2014 (audited)	797,619	2,428,631	73,165	24,167	(143,287)	101,880	(1,357,390)	1,924,785	(59,411)	1,865,374
Loss and total comprehensive loss for the period (unaudited)	—	—	—	—	—	—	(464,994)	(464,994)	(51)	(465,045)
Recognition of equity-settled share-based payment expenses (unaudited)	—	—	—	—	—	5,221	—	5,221	—	5,221
Appropriation to reserve (unaudited)	—	—	—	2,976	—	—	(2,976)	—	—	—
Lapse of share options (unaudited)	—	—	—	—	—	(20,452)	20,452	—	—	—
Changes in equity for the period (unaudited)	—	—	—	2,976	—	(15,231)	(447,518)	(459,773)	(51)	(459,824)
At 30 June 2014 (unaudited)	797,619	2,428,631	73,165	27,143	(143,287)	86,649	(1,804,908)	1,465,012	(59,462)	1,405,550
At 1 January 2015 (audited)	797,619	2,428,631	73,165	29,210	(165,232)	75,442	(1,930,380)	1,308,455	(37,554)	1,270,901
Loss and total comprehensive loss for the period (unaudited)	—	—	—	—	—	—	(28,720)	(28,720)	(3,257)	(31,977)
Recognition of equity-settled share-based payment expenses (unaudited)	—	—	—	—	—	2,499	—	2,499	—	2,499
Addition arising on acquisition of a subsidiary	—	—	—	—	—	—	—	—	25,500	25,500
Appropriation to reserve (unaudited)	—	—	—	1,703	—	—	(1,703)	—	—	—
Changes in equity for the period (unaudited)	—	—	—	1,703	—	2,499	(30,423)	(26,221)	22,243	(3,978)
At 30 June 2015 (unaudited)	797,619	2,428,631	73,165	30,913	(165,232)	77,941	(1,960,803)	1,282,234	(15,311)	1,266,923

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 June 2015 RMB'000 (Unaudited)	30 June 2014 RMB'000 (Unaudited)
Net cash generated from/(used in) operating activities	92,274	(162,383)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions of property, plant and equipment	(15,800)	(271,059)
Additions of exploration and evaluation assets	(28,860)	—
Acquisition of a subsidiary	(59,497)	—
Repayment of amounts due from debtors	—	129,505
Net cash used in investing activities	(104,157)	(141,554)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(11,883)	(303,937)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	794,270	1,328,742
CASH AND CASH EQUIVALENTS AT END OF PERIOD	782,387	1,024,805
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Bank and cash balances	782,387	1,024,805

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2015

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 2015 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 financial statements for the year ended 31 December 2014. The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2015 are consistent with those followed in the preparation of the Group's the annual consolidated financial statements for the year ended 31 December 2014.

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 2015. 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 2015

3. SEGMENT INFORMATION (Continued)

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

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

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

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 2015 (Unaudited)				
Revenue from external customers	189,431	527	—	189,958
Segment profit/(loss) before tax	3,447	(4,547)	(22,112)	(23,212)
As at 30 June 2015 (Unaudited)				
Segment assets	37,584	72,290	605,823	715,697

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

3. SEGMENT INFORMATION (Continued)

	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 2014 (Unaudited)				
Revenue from external customers	59,699	38,816	—	98,515
Segment loss before tax	(279,482)	(184,903)	(525)	(464,910)
As at 31 December 2014 (Audited)				
Segment assets	35,774	76,919	525,919	638,612

Reconciliations of reportable segment profit or loss:

	For the six months ended	
	30 June 2015 RMB'000 (Unaudited)	30 June 2014 RMB'000 (Unaudited)
Profit or loss		
Total loss of reportable segments	(23,212)	(464,910)
Unallocated other income	7,889	18,142
Unallocated corporate expenses	(16,417)	(18,277)
Unallocated other expenses	(237)	—
Consolidated loss before tax	(31,977)	(465,045)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

4. LOSS BEFORE TAX

	For the six months ended	
	30 June 2015 RMB'000 (Unaudited)	30 June 2014 RMB'000 (Unaudited)
<i>The Group's loss before tax is stated after charging the followings:</i>		
Amortisation of prepaid land lease payments	31	30
Depreciation of property, plant and equipment	2,536	216
Equity-settled share-based payment expenses (included in administrative expenses)	2,499	5,221
Exchange loss (included in other expenses)	237	—
Impairment losses of property, plant and equipment	14,693	271,052
Impairment losses of exploration and evaluation assets	21,361	—
<i>and after crediting the followings:</i>		
Bank interest income (included in other income)	7,925	6,805
Exchange gain (included in other income)	—	9,137
Interest income arising from amounts due from debtors (included in other income)	—	2,260

Included in the other income is an aggregate amount of approximately RMB25,802,000 (six months ended 30 June 2014: RMB10,997,000) representing tax concession granted by the PRC government to encourage the production and sale of gold concentrates. Under the tax concession, the Group is not required to pay to the government authority value-added tax which have been charged on the sale of gold concentrates.

5. INCOME TAX EXPENSE

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 2014: 25%).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

6. LOSS PER SHARE

The calculation of basic loss per share is based on the following:

	For the six months ended	
	30 June 2015 RMB'000 (Unaudited)	30 June 2014 RMB'000 (Unaudited)
Loss		
Loss attributable to owners of the Company, used in the basic loss per share calculation	(28,720)	(464,994)
Number of shares		
Weighted average number of ordinary shares, used in basic loss per share calculation	908,786,213	908,786,213

Diluted loss per share

The effects of all potential ordinary shares are anti-dilutive for the six-month periods ended 30 June 2015 and 2014.

7. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2015, the Group acquired property, plant and equipment of approximately RMB15,800,000 (six months ended 30 June 2014: RMB271,059,000).

8. EXPLORATION AND EVALUATION ASSETS

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

9. TRADE AND OTHER RECEIVABLES

	As at	
	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Prepayments, deposits and other receivables	20,992	36,594
Trade receivables	9,600	4,166
	30,592	40,760

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

	As at	
	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
0 to 90 days	9,600	4,166

The average credit period granted to the Group's customers is 90 days (31 December 2014: 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 2015

10. CAPITAL COMMITMENTS

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

	As at	
	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Capital expenditure in respect of exploration projects Contracted for but not provided in the condensed consolidated financial statements	275,296	346,649

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 2015 RMB'000 (Unaudited)	30 June 2014 RMB'000 (Unaudited)
The remuneration of directors and key management during the period is as follows:		
Short-term benefits	2,052	1,968
Other long-term benefits	26	25
Equity-settled share-based payment expenses	1,342	2,081
	3,420	4,074

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the six months ended 30 June 2015

12. ACQUISITION OF A SUBSIDIARY

The Group acquired assets and liabilities by way of acquisition of equity interest in Gaotai Mining which is not business:

In the first quarter of 2015, the Company through Chifeng Fuqiao, a wholly-owned indirect subsidiary of the Company, acquired 70% equity interest in Gaotai Mining at a cash consideration of RMB59,500,000. The principal asset of Gaotai Mining is a mining permit covering an area of 0.2598 square kilometers in Siziwangqi, Inner Mongolia, PRC.

	RMB'000 (Audited)
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Assets and liabilities recognised at the date of acquisition:	
Property, plant and equipment	460
Exploration and evaluation assets	84,409
Trade and other receivables	128
Bank and cash balances	3
	<hr/>
	85,000
Non-controlling interests	(25,500)
	<hr/>
Total consideration	59,500
	<hr/>
Net cash outflow arising on acquisition:	
Consideration paid in cash	59,500
Less: Bank and cash balances acquired	(3)
	<hr/>
	59,497
	<hr/>

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.