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Lingbao Gold Company Ltd.

靈寶黃金股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3330)

ANNOUNCEMENT

Announcement on the proposed change of application of proceeds from the Global Offering of Lingbao Gold Company Ltd. (the “Company”)

Reference is made to the section headed “USE OF PROCEEDS” appearing on pages 167 and 168 of the Prospectus. The Board proposes to change the Company’s original plan to apply approximately HK\$270,000,000 out of its Listing proceeds (after taking into account the relevant portion of the additional proceeds as a result of the exercise of the over-allotment option as announced by the Company on 16 January 2006) to the Company’s focused exploration works at Qiangma Gold Mine and Yinxin Gold Mine situated on the southern side of Xiaoqinling region.

The Company intends to allocate HK\$220,000,000 of such part of the Listing proceeds for future investment in gold companies or resources and use its internal resources to satisfy the future funding requirement for its focused exploration works on the southern side of Xiaoqinling region.

The above change in the use of Listing proceeds is subject to Shareholders’ approval at an extraordinary general meeting of the Shareholders which will be convened by the Board as soon as reasonably practicable.

Reference is made to the section headed “USE OF PROCEEDS” appearing on pages 167 and 168 of the Prospectus. The Board proposes to change the Company’s original plan to apply approximately HK\$270,000,000 out of its Listing proceeds (after taking into account the relevant portion of the additional proceeds as a result of the exercise of the over-allotment option as announced by the Company on 16 January 2006) to the Company’s focused exploration works at Qiangma Gold Mine and Yinxin Gold Mine situated on the southern side of Xiaoqinling region.

The future funding requirement of the focused exploration works at Qiangma Gold Mine and Yinxin Gold Mine situated on the southern side of Xiaoqinling region will need to be satisfied in various stages. If such funding requirement continues to be satisfied by the Listing proceeds, the separate tranches of currency exchange may create potential risk in foreign exchange lost to the Company due to the potential fluctuation in the value of RMB and also the efficiency of fund allocation will be relatively low. Moreover, the Company expects that its internal resources will be able to satisfy the future funding requirement of such focused exploration works which will only be required at various stages. The Company therefore intends to allocate HK\$220,000,000 of such part of the Listing proceeds for investment in gold companies or resources and use its internal resources to satisfy the funding requirement for its focused exploration works on the southern side of Xiaoqinling region.

The above change in the use of Listing proceeds is subject to Shareholders’ approval at an extraordinary general meeting of the Shareholders which will be convened by the Board as soon as reasonably practicable.

DEFINITIONS

“Board”	The board of Directors
“Company”	Lingbao Gold Company Ltd. (靈寶黃金股份有限公司), a joint stock limited company incorporated in the PRC and the shares of which are listed on the main board of the Stock Exchange
“Directors”	The directors of the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing”	The listing of the Company’s H shares on the Main Board of the Stock Exchange, which commenced on 12 January 2006
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“PRC”	The People’s Republic of China
“Prospectus”	The prospectus of the Company dated 30 December 2005
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	The shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
Lingbao Gold Company Ltd.
Xu Gaoming
Chairman

Henan, the PRC, 29 January 2007

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Xu Gaoming, Mr. Wang Jianguo, Mr. Lu Xiaozhao and Mr. Jin Guangcai; three non-executive Directors, namely Mr. Xu Wanmin, Mr. Di Qinghua and Mr. Qi Guozhong; and four independent non-executive Directors, namely Mr. Ning Jincheng, Mr. Wang Yanwu, Mr. Niu Zhongjie and Mr. Zheng Jinqiao.

“Please also refer to the published version of this announcement in the South China Morning Post”