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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)**

**TERMINATION OF A PROPOSED ACQUISITION OF  
CERTAIN EQUITY INTEREST IN SHANNXI JIUSHENG  
DISCLOSURE PURSUANT TO RULE 13.13 OF THE LISTING RULES**

A substantial amount of time has been consumed by the Company and Beijing Jiuyi in negotiating a definitive agreement since 19 April 2007. However, the parties have not reached a definitive agreement yet. On 4 December 2007, the Company and Beijing Jiuyi entered into the Termination Agreement to terminate the proposed Shaanxi Jiusheng Acquisition. Pursuant to the Termination Agreement, Beijing Jiuyi shall pay the Company the Compensation Fee in the amount of RMB112,900,000 for the failure to reach a definitive agreement for the Shaanxi Jiusheng Acquisition. The remainder of the Prepayment after deduction of the Repaid Amount, together with the Compensation Fee in an aggregate amount of RMB418,700,000 shall be paid/repaid by Beijing Jiuyi to the Company in three installments. An agreement was signed on 4 December 2007 by the Company and Beijing Jiuyi, whereby Beijing Jiuyi pledged the entire equity interest in its wholly-owned subsidiary, together with its equity holder's rights attached to such equity interest (including without limitation the rights to receive dividends) as security for the repayment of the Prepayment and Compensation Fee. The principal assets of the wholly-owned subsidiary mainly comprise of a gold mine.

This announcement is made by the Company in compliance with the disclosure requirement under Rule 13.13 of the Listing Rules. As the asset ratio for the payment/repayment of RMB418,700,000 by Beijing Jiuyi to the Company calculated under Rule 14.07(1) of the Listing Rules exceeds 8%, details of such payment/repayment should be disclosed in order to comply with Rule 13.13 of the Listing Rules.

Reference is made to the announcement of the Company dated 19 April 2007 (the "Announcement") relating to the entering into of the Letter of Intent and Supplemental Letters of Intent with Beijing Jiuyi and Mr. Li, respectively, pursuant to which the Company was granted an option to acquire certain equity interests in Shaanxi Jiusheng. Terms used herein shall have the same meanings as defined in the Announcement unless the context requires otherwise.

On 15 September 2006, 16 October 2006, 27 November 2006 and 19 April 2007, the Company entered into the Letter of Intent and the Supplemental Letters of Intent with Beijing Jiuyi and Mr. Li, respectively, pursuant to which the Company was granted an option to acquire certain equity interests in Shaanxi Jiusheng, which option would be valid until 30 June 2007. Pursuant to the Letter of Intent and the Supplemental Letters of Intent, the Company has made prepayments for the Shaanxi Jiusheng Acquisition in the amount of RMB355,800,000 ("Prepayment"), of which, an amount of RMB50,000,000 ("Repaid Amount") was repaid to the Company by Shaanxi Jiusheng on 28 August 2007. The purpose of the Prepayment was to secure the parties' rights and obligations under the Letter of Intent and the Supplemental Letters of Intent.

A substantial amount of time has been consumed by the Company and Beijing Jiuyi in negotiating a definitive agreement since 19 April 2007. However, the parties have not reached any definitive agreement yet. On 4 December 2007, the Company and Beijing Jiuyi entered into a termination agreement ("Termination Agreement") to terminate the Shaanxi Jiusheng Acquisition as contemplated under the Letter of Intent and Supplemental Letters of Intent. Pursuant to the Termination Agreement, Beijing Jiuyi shall pay the Company a compensation fee ("Compensation Fee") in the amount of RMB112,900,000 for the failure to reach a definitive agreement for the Shaanxi Jiusheng Acquisition. The remainder of the Prepayment after deduction of the Repaid Amount, together with the Compensation Fee in an aggregate amount of RMB418,700,000 shall be paid/repaid by Beijing Jiuyi to the Company in three installments. The first installment in an amount of RMB100,000,000 shall be paid before 31 January 2008. The second installment in an amount of RMB200,000,000 shall be paid before 28 February 2008. The last installment in an amount of RMB118,700,000 shall be paid before 31 March 2008. If Beijing Jiuyi is default in payment of any installment or a portion thereof to the Company, Beijing Jiuyi shall pay interests on the amount overdue at the bank lending interest rate to the Company. An agreement was signed on 4 December 2007 by the Company and Beijing Jiuyi, whereby Beijing Jiuyi pledged the entire equity interest in its wholly-owned subsidiary, together with its equity holder's rights attached to such equity interest (including without limitation the rights to receive dividends) as security for the repayment of the Prepayment and Compensation Fee. The principal assets of the wholly-owned subsidiary mainly comprise of a gold mine.

This announcement is made by the Company in compliance with the disclosure requirement under Rule 13.13 of the Listing Rules. As the asset ratio for the payment/repayment of RMB418,700,000 by Beijing Jiuyi to the Company calculated under Rule 14.07(1) of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules") exceeds 8%, details of such payment/repayment should be disclosed in order to comply with Rule 13.13 of the Listing Rules. The Company will comply with the disclosure requirement under Rule 13.20 of the Listing Rules so long as circumstances leading to such disclosure obligation continue to exist.

The Board considers that the termination of the Shannxi Jiusheng Acquisition has no material impact on the operation of the Group, and the Group will explore other investments opportunities when they arise.

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

Henan, the PRC, 4 December 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.*