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LINGJIN
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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)

**DISCLOSEABLE TRANSACTION -
ACQUISITION OF MINING RIGHT OF A GOLD MINE**

The Board wishes to announce that the Company entered into a Cooperation Agreement on 27 February 2008 with the Government of Kyrgyz Republic, Full Gold, CRB, China Development Bank and Xinjiang Lingxi. Pursuant to the Cooperation Agreement, in consideration of payment of restoration fee of the Road of US\$25,300,000 by Full Gold to CRB, Full Gold will acquire the mining right (including the exploration right) of the Istanbul Gold Mine from the CRB. The consideration will be satisfied by way of bank borrowing from China Development Bank by Full Gold.

Full Gold is a non-wholly owned subsidiary of the Company. The Cooperation Agreement constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules. A circular containing further information on the Cooperation Agreement will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules.

Cooperation Agreement

Date: 27 February 2008

Parties: The Government of Kyrgyz Republic, Full Gold, CRB, China Development Bank, Xinjiang Lingxi and the Company (To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Government of Kyrgyz Republic, CRB, China Development Bank and Xinjiang Lingxi and the ultimate beneficial owners of CRB, China Development Bank and Xinjiang Lingxi are Independent Third Parties.)

Assets to be acquired

The mining right (including the exploration right) of the Istanbul Gold Mine. The minerals to be mined and explored is gold and the mining and exploration activities are to be conducted to the extent that they are permitted by laws. The mining and exploration rights are effective until 6 February 2017 and there is no major restriction imposed on the mining and exploration rights.

General

The Board wishes to announce that the Company entered into a Cooperation Agreement on 27 February 2008 with the Government of Kyrgyz Republic, China Development Bank, Full Gold, CRB and Xinjiang Lingxi. Pursuant to the Cooperation Agreement, in consideration of payment of restoration fee of the Road of US\$25,300,000 by Full Gold to CRB, Full Gold will acquire the mining right (including the exploration right) of the Istanbul Gold Mine from CRB. Xinjiang Lingxi will be providing consultation on the Istanbul Gold Mine.

Consideration

CRB will be responsible for the restoration of the Road. Full Gold shall be responsible for the payment of the US\$25,300,000 to CRB as restoration fee for the Road. The cost of restoration of the Road was estimated by CRB in 2007. It has been agreed that if the restoration fee for the Road has exceed US\$25,300,000, no extra payment will be paid to CRB or the Government of Kyrgyz Republic.

The consideration has been agreed by the parties after arm's length negotiation with reference to the estimated cost of the restoration of the Road and a valuation made by Professional Valuer on 3 June 2007.

The consideration will be satisfied by way of bank borrowing from China Development Bank by Full Gold. Terms of the bank borrowing will be finalised after the signing of the Cooperation Agreement.

The Company currently has no capital commitment in relation to the Gold Mine.

Reasons for and benefits of the Acquisition

The Group (as defined in the Listing Rules) is mainly engaged in gold mining, smelting and refining. The principal product of the Group is gold and the principal byproducts of the group are silver, copper products and sulphuric acid. Istanbul Gold Mine is located within the territory of Kyrgyz Republic, a country located in Central Asia and bordered by Kazakhstan to the north, Uzbekistan to the west, Tajikistan to the southwest and China to the east and is owned by CRB. It has a mining area of approximately 1.82km² with approximately 23.48 tonnes of gold reserves and resource and an exploration area of approximately 8km². In accordance with a valuation made by Professional Valuer on 3 June 2007, the valuation amount of the Istanbul Gold Mine based on a discounted cash flow method is approximately RMB239,300,000. The Board is aware that the valuation shall be regarded as a profit forecast of the Istanbul Gold Mine under Rule 14.62 of the Listing Rules and the information required thereunder will be contained in the circular to be issued to the shareholders of the Company. The Directors have reviewed the principal assumptions upon which the valuation is based and are of the view that the valuation has been made after due and careful enquiry. The Istanbul Gold Mine is not yet opened for mining and exploration and hence no revenue and profit is generated from the Istanbul Gold Mine.

The acquisition of the mining right of the Istanbul Gold Mine will enable the Group to increase its gold reserves and resource and have positive impact on the business of the Group as a whole. Therefore, the Directors consider the terms of the Cooperation Agreement to be on normal commercial terms, fair and reasonable and in the interests of the Company and its subsidiaries as a whole. The Company may dispose of part of its interest in Full Gold to CRB and Xinjiang Lingxi in order to strengthen the cooperation in this project. The reason of disposing part of its interest in Full Gold to CRB and Xinjiang Lingxi is that the Government of Kyrgyz Republic originally transferred the ownership of Istanbul Gold Mine to CRB in consideration of restoration of the Road. However, CRB does not have any mining operation experience and was introduced to the Company through Xinjiang Lingxi. The consideration for the disposal of interest in Full Gold to CRB and Xinjiang

Lingxi will be based on the paid up capital. It is expected that the size of disposal will be below the disclosure threshold under Chapter 14 of the Listing Rules.

The restoration of the Road is not for the transportation of the output from the Istanbul Gold Mine to other parts of Kyrgyz Republic. The restoration of the Road is for the transportation from Osh Province (a province of Kyrgyzstan) to the port of Kizilsu Kirghiz Autonomous Prefecture. There are transportation infrastructures ready for the transportation of output from Istanbul Gold Mine to other parts of Kyrgyz Republic.

Full Gold is mainly engaged in mining, exploration, processing, smelting and production of gold products.

CRB is mainly engaged in infrastructure construction and infrastructure design.

China Development Bank is under the direct jurisdiction of the state council and is one of the leading banks in financing infrastructure construction.

Xinjiang Lingxi is mainly engaged in investment in mining industry. Xinjiang Lingxi's knowledge in Kyrgyz Republic will help Company to deal with people in Kyrgyz Republic.

Discloseable Transaction

As at the date of this announcement, Full Gold is a non-wholly owned subsidiary of the Company.

The Cooperation Agreement constitutes a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules. A circular containing further information on the Cooperation Agreement will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules

Definitions

Unless the context requires otherwise, the following words and phrases used in this announcement have the following meanings:

"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 with limited liability and the shares of which are listed on the main board of the Stock Exchange
"Co-operation Agreement"	: The cooperation agreement dated 27 February 2008 entered into amongst the Government of Kyrgyz Republic, China Development Bank, Full Gold, CRB, Xinjiang Lingxi and the Company
"CRB"	: China Road & Bridge Corporation (中國路橋工程有限責任公司), a company incorporated in the PRC
"Directors"	: the directors of the Company
"Full Gold"	: Full Gold Mining Limited Liability Company (富金礦業有限責任公司), a company incorporated in the Kyrgyz Republic and a 99% owned subsidiary of the Company. The

	remaining 1% is held by an individual who is an Independent Third Party.
"HK\$" : Hong Kong dollars, the lawful currency of Hong Kong	
"Independent Third Party" : A person who is independent of and not connected with the Company and the connected persons of the Company	
"Istanbul Gold Mine" a gold mine located within the territory of Kyrgyz Republic	
"Listing Rules" : Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (as amended from time to time)	
"PRC" : The People's Republic of China	
"Professional Valuer" : Beijing Hung Jing Xi Investment Consultation Limited Liability Company (北京紅晶石投資諮詢有限責任公司), an independent valuer	
"Road" a public road within the territory of the Kyrgyz Republic, KM190-KM240, with total length of 50 kilometres	
"Shareholders" : the shareholders of the Company	
"Stock Exchange" : The Stock Exchange of Hong Kong Limited	
"US\$" : the lawful currency of the United States	
"Xinjiang Lingxi" : Xinjiang Lingxi Investment Company Limited (新疆靈璽投資有限公司), a company incorporated in the PRC	

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

Henan, the PRC, 27 February, 2008

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.