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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 OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2008**

The Board of Directors (the “Directors”) of Lingbao Gold Company Ltd. (the “Company”), is pleased to announce the consolidated results of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2008, which have been reviewed by the Company’s Audit Committee.

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2008

|  | Note | 2008<br>RMB'000       | 2007<br>RMB'000       |
|--|------|-----------------------|-----------------------|
| <b>Turnover</b>  | 2    | 3,559,089             | 2,844,560             |
| Cost of sales  |      | <u>(3,177,792)</u>    | <u>(2,391,647)</u>    |
| <b>Gross profit</b>  |      | <b>381,297</b>        | 452,913               |
| Other revenue  | 3    | 18,180                | 142,861               |
| Other net gain/(loss)  | 4    | 31,992                | (4,494)               |
| Selling and distribution expenses  |      | (19,881)              | (14,340)              |
| Administrative expenses and<br>other operating expenses                                      |      | <u>(174,082)</u>      | <u>(136,329)</u>      |
| <b>Profit from operations</b>  |      | <b>237,506</b>        | 440,611               |
| Finance costs  | 5(a) | <u>(115,262)</u>      | <u>(101,613)</u>      |
| <b>Profit before taxation</b>  | 5    | <b>122,244</b>        | 338,998               |
| Income tax   | 6    | <u>(15,483)</u>       | <u>(115,669)</u>      |
| <b>Profit for the year</b>   |      | <b><u>106,761</u></b> | <b><u>223,329</u></b> |
| <b>Attributable to:</b>  |      |                       |                       |
| Equity shareholders of the Company   |      | 108,166               | 222,270               |
| Minority interests   |      | <u>(1,405)</u>        | <u>1,059</u>          |
| <b>Profit for the year</b>   |      | <b><u>106,761</u></b> | <b><u>223,329</u></b> |
| <b>Dividends payable to equity shareholders<br/>of the Company attributable to the year:</b> |      |                       |                       |
| Final dividend proposed after the balance<br>sheet date                                      | 7    | <u>—</u>              | <u>77,025</u>         |
| <b>Basic and diluted earnings per share (cents)</b>  | 8    | <b><u>14</u></b>      | <b><u>29</u></b>      |

# CONSOLIDATED BALANCE SHEET

At 31 December 2008

|  | Note | 2008<br>RMB'000  | 2007<br>RMB'000  |
|--|------|------------------|------------------|
| <b>Non-current assets</b>  |      |                  |                  |
| Property, plant and equipment  |      | 826,253          | 634,551          |
| Construction in progress   |      | 445,198          | 302,451          |
| Intangible assets  |      | 556,335          | 362,112          |
| Goodwill   |      | 38,882           | 38,882           |
| Lease prepayments  |      | 86,870           | 36,940           |
| Other investments  |      | 10,504           | 10,504           |
| Investment deposit   |      | 80,000           | 80,000           |
| Non-current prepayments  |      | 135,376          | 45,334           |
| Deferred tax assets  |      | 50,764           | 23,093           |
|  |      | <u>2,230,182</u> | <u>1,533,867</u> |
| <b>Current assets</b>  |      |                  |                  |
| Inventories  |      | 711,333          | 591,443          |
| Trade and other receivables, deposits<br>and prepayments                   | 10   | 545,958          | 663,360          |
| Available-for-sale investment  |      | –                | 40,000           |
| Current tax recoverable  |      | 22,205           | –                |
| Cash restricted for use  |      | –                | 181,982          |
| Cash and cash equivalents  |      | 575,478          | 389,651          |
|  |      | <u>1,854,974</u> | <u>1,866,436</u> |
| <b>Current liabilities</b>   |      |                  |                  |
| Bank loans   |      | 1,280,000        | 599,861          |
| Unsecured debenture  |      | –                | 580,000          |
| Trade and other payables   | 11   | 464,403          | 346,666          |
| Loan from ultimate holding company   |      | 23,800           | –                |
| Current tax payable  |      | 17,662           | 28,426           |
|  |      | <u>1,785,865</u> | <u>1,554,953</u> |
| <b>Net current assets</b>  |      | <u>69,109</u>    | <u>311,483</u>   |
| <b>Total assets less current liabilities</b>                               |      | <u>2,299,291</u> | <u>1,845,350</u> |
| <b>Non-current liabilities</b>   |      |                  |                  |
| Bank loans   |      | 455,160          | 120,000          |
| Other loan   |      | 3,270            | 3,270            |
| Other payables   | 11   | 111,730          | –                |
| Deferred tax liabilities   |      | –                | 23,697           |
|  |      | <u>570,160</u>   | <u>146,967</u>   |
| <b>NET ASSETS</b>  |      | <u>1,729,131</u> | <u>1,698,383</u> |
| <b>CAPITAL AND RESERVES</b>  |      |                  |                  |
| Share capital  |      | 154,050          | 154,050          |
| Reserves   |      | 1,549,387        | 1,517,996        |
| <b>Total equity attributable to equity<br/>shareholders of the Company</b> |      | <u>1,703,437</u> | <u>1,672,046</u> |
| Minority interests   |      | 25,694           | 26,337           |
| <b>TOTAL EQUITY</b>  |      | <u>1,729,131</u> | <u>1,698,383</u> |

## NOTES TO THE FINANCIAL INFORMATION

### 1. Basis of preparation

#### (a) *Statement of compliance*

This financial information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. This financial information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

#### (b) *Basis of preparation of the financial information*

In preparing the financial information, the Directors have considered the future liquidity of the Group in view of its bank loans which are repayable within one year with an aggregate amount of RMB1,280,000,000 as at 31 December 2008. The Group had cash and cash equivalents amounting to RMB575,478,000 as at 31 December 2008. Therefore, additional funding will need to be obtained by the Group to ensure its ability to repay the borrowings as and when they fall due. The financial information for the year ended 31 December 2008 are prepared on a going concern basis as the directors are of the opinion that the Group will be able to obtain continual financial support from its principal bankers to finance its future working capital and financial requirements and will be able to meet its financial obligations as and when they fall due given that:

- (i) the Group has been actively negotiating with its principal bankers to secure continual financial support. Following the maturity of short-term bank loans totalling RMB420,000,000 subsequent to the year end, the Group obtained bank loans with an aggregate amount of RMB740,000,000 of which RMB310,000,000 are repayable within one year with maturity dates from January to March 2010 and RMB430,000,000 with maturity dates from March 2011 to February 2012 up to the date of approval of this financial information;
- (ii) according to an announcement dated 19 December 2008 issued by the Company, the Group has been actively discussing with its principal bankers to issue a medium-term debenture for an amount of approximately RMB680,000,000 for a period of three to five years. The Company is now making application to the bankers after obtaining its shareholders’ approval on 4 February 2009. Proceeds from the proposed issuance of the medium-term debenture will be used for repayment of the Company’s existing short-term bank loans; and
- (iii) as at 31 December 2008, the Group had total available banking facilities amounting to RMB2,995,160,000 of which RMB1,260,000,000 has not been utilised.

## 2. Turnover

The principal activities of the Group are mining, smelting, processing and sales of gold and other metallic products in the People's Republic of China ("PRC").

Turnover represents the sales value of goods sold to customers, net of sales tax and value added tax. The amount of each significant category of revenue recognised in turnover during the year is as follows:

|                              | 2008<br><i>RMB'000</i>  | 2007<br><i>RMB'000</i>  |
|------------------------------|-------------------------|-------------------------|
| Sales of:                    |                         |                         |
| – Gold                       | 2,743,352               | 2,208,327               |
| – Other metals               | 681,650                 | 586,523                 |
| – Others                     | 142,846                 | 55,637                  |
| Less: Sales taxes and levies | <u>(8,759)</u>          | <u>(5,927)</u>          |
|                              | <b><u>3,559,089</u></b> | <b><u>2,844,560</u></b> |

## 3. Other revenue

|  | 2008<br><i>RMB'000</i> | 2007<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Bank interest income   | 4,414                  | 9,023                  |
| Other interest income  | <u>1,198</u>           | <u>3,821</u>           |
| Total interest income on financial assets not at fair value through profit or loss | 5,612                  | 12,844                 |
| Compensation income ( <i>note 10(e)</i> )  | –                      | 112,900                |
| Delivery service income  | 7,789                  | 8,787                  |
| Government grants  | 1,700                  | 4,470                  |
| Scrap sales  | 2,124                  | 3,550                  |
| Dividend income from unlisted securities   | 420                    | 280                    |
| Sundry income  | <u>535</u>             | <u>30</u>              |
|  | <b><u>18,180</u></b>   | <b><u>142,861</u></b>  |

## 4. Other net gain/(loss)

|  | 2008<br><i>RMB'000</i> | 2007<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Net realised gain on financial instruments at fair value                         | 45,421                 | –                      |
| Net unrealised loss on financial instruments at fair value ( <i>note 10(d)</i> ) | (856)                  | –                      |
| Net (loss)/gain on disposal of property, plant and equipment                     | (2,315)                | 2,581                  |
| Negative goodwill arising from business combination                              | 12,437                 | –                      |
| Gain on deemed disposal of subsidiary  | 392                    | –                      |
| Net foreign exchange losses  | (23,392)               | (7,371)                |
| Others   | <u>305</u>             | <u>296</u>             |
|  | <b><u>31,992</u></b>   | <b><u>(4,494)</u></b>  |

## 5. Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

|  | <b>2008</b><br><i>RMB'000</i> | 2007<br><i>RMB'000</i> |
|--|-------------------------------|------------------------|
| (a) Finance costs:   |                               |                        |
| Interest expense on bank advances wholly repayable within five years               | 61,708                        | 63,408                 |
| Interest on unsecured debenture  | 24,891                        | 6,661                  |
| Interest on other loan   | 139                           | 115                    |
| Net realised and unrealised loss on commodity – linked interest-bearing borrowings | 17,909                        | 28,458                 |
| Interest expenses on financial liabilities measured at amortised cost              | 6,461                         | –                      |
| Other borrowing costs  | 4,154                         | 2,971                  |
|  | <u>115,262</u>                | <u>101,613</u>         |
| Finance costs on financial liabilities measured at – amortised cost                | 96,752                        | 70,108                 |
| – fair value   | 18,510                        | 31,505                 |
|  | <u>115,262</u>                | <u>101,613</u>         |
| (b) Other items:   |                               |                        |
| Amortisation of lease prepayments  | 1,637                         | 724                    |
| Operating lease charges in respect of properties                                   | 2,624                         | 5,139                  |
| Research and development expenses  | 1,325                         | 1,400                  |
| Net impairment losses on:  |                               |                        |
| – trade and other receivables ( <i>note 10(b)</i> )                                | 2,539                         | 624                    |
| – purchase deposits  | 4,726                         | 8,367                  |
| – intangible assets  | 2,781                         | –                      |
| Pollution discharge fee  | 1,740                         | 1,877                  |
| Environmental rehabilitation fee   | 12,776                        | 5,584                  |
|  | <u>12,776</u>                 | <u>5,584</u>           |
| Auditors' remuneration   |                               |                        |
| – audit services   | 3,245                         | 3,928                  |
| – other services   | 400                           | 891                    |
|  | <u>3,245</u>                  | <u>3,928</u>           |
| Amortisation of intangible assets  | 77,536                        | 97,884                 |
| Less: Amortisation capitalised into exploration and evaluation assets              | (34,355)                      | (71,352)               |
|  | <u>43,181</u>                 | <u>26,532</u>          |
| Depreciation   | 103,348                       | 64,801                 |
| Less: Depreciation capitalised into construction in progress                       | (1,103)                       | (584)                  |
|  | <u>102,245</u>                | <u>64,217</u>          |

## 6. Income tax in the consolidated income statement

Taxation in the consolidated income statement represents:

|   | 2008<br>RMB'000 | 2007<br>RMB'000 |
|---|-----------------|-----------------|
| <b>Current tax – PRC income tax</b>                   |                 |                 |
| Provision for the year                                | 71,348          | 136,874         |
| Over-provision in respect of prior year               | (4,400)         | –               |
|   | <u>66,948</u>   | <u>136,874</u>  |
| <b>Deferred tax</b>                                   |                 |                 |
| Origination and reversal of temporary differences     | (51,465)        | (28,647)        |
| Effect of change in tax rate on deferred tax balances | –               | 7,442           |
|   | <u>15,483</u>   | <u>115,669</u>  |

## 7. Dividends

Dividends payable to equity shareholders of the Company attributable to the year

|   | 2008<br>RMB'000 | 2007<br>RMB'000 |
|---|-----------------|-----------------|
| Final dividend proposed after the balance sheet date of RMB Nil per ordinary share (2007: RMB0.10 per ordinary share) | <u>–</u>        | <u>77,025</u>   |

The final dividend proposed after the balance sheet date had not been recognised as a liability at the balance sheet date.

## 8. Earnings per share

### (a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB108,166,000 (2007: RMB222,270,000) and the weighted average number of 770,249,000 ordinary shares in issue during the year (2007: 770,249,000 ordinary shares).

### (b) Diluted earnings per share

The diluted earnings per share for the current and previous years is the same as the basic earnings per share as there are no dilutive ordinary shares during the years.

## 9. Segment information

Segment information is presented in respect of the Group's business segments. Business segment information is chosen as the primary format because this is more relevant to the Group's internal financial reporting.

### Business segments

The Group comprises the following main business segments:

Mining – Gold mining and mineral ores processing operations of the Group.

Smelting – Gold and other metal smelting and refinery operations of the Group.

Processing – Copper processing operation of the Group.

Turnover and contributions to the Group's profit from principal activities during the year, after elimination of all material inter-company transactions, are as follows:

|  | Mining<br>RMB'000 | Smelting<br>RMB'000 | Processing<br>RMB'000 | Inter-segment<br>elimination<br>RMB'000 | Unallocated<br>RMB'000 | Consolidated<br>RMB'000 |
|--|-------------------|---------------------|-----------------------|---|------------------------|-------------------------|
| <b>Year ended 31 December 2008</b>           |                   |                     |                       |   |                        |                         |
| Revenue from external customers              | 1,729             | 3,347,650           | 209,710               | -                                       | -                      | 3,559,089               |
| Inter-segment revenue                        | 513,995           | 169,606             | -                     | (683,601)                               | -                      | -                       |
| Other revenue from external customers        | 2,242             | 10,425              | 340                   | -                                       | 5,173                  | 18,180                  |
| <b>Total</b>                                 | <b>517,966</b>    | <b>3,527,681</b>    | <b>210,050</b>        | <b>(683,601)</b>                        | <b>5,173</b>           | <b>3,577,269</b>        |
| Segment result                               | 33,816            | 241,840             | (3,516)               | 11,093                                  | 5,173                  | 288,406                 |
| Unallocated operating income and expenses    |                   |                     |                       |   |                        | (50,900)                |
| Profit from operations                       |                   |                     |                       |   |                        | 237,506                 |
| Finance costs                                |                   |                     |                       |   |                        | (115,262)               |
| Income tax                                   |                   |                     |                       |   |                        | (15,483)                |
| <b>Profit for the year</b>                   |                   |                     |                       |   |                        | <b>106,761</b>          |
| <i>Impairment</i>                            |                   |                     |                       |   |                        |                         |
| - trade and other receivables                | -                 | -                   | 2,539                 |   |                        |                         |
| - purchase deposits                          | -                 | 4,726               | -                     |   |                        |                         |
| - intangible assets                          | 2,781             | -                   | -                     |   |                        |                         |
| <b>As at 31 December 2008</b>                |                   |                     |                       |   |                        |                         |
| <b>Assets and liabilities</b>                |                   |                     |                       |   |                        |                         |
| Segment assets                               | 1,919,490         | 1,015,128           | 345,786               | (3,001)                                 | -                      | 3,277,403               |
| Unallocated assets                           |                   |                     |                       |   |                        | 807,753                 |
| <b>Total assets</b>                          |                   |                     |                       |   |                        | <b>4,085,156</b>        |
| Segment liabilities                          | 591,611           | 165,214             | 158,206               | (3,001)                                 | -                      | 912,030                 |
| Unallocated liabilities                      |                   |                     |                       |   |                        | 1,443,995               |
| <b>Total liabilities</b>                     |                   |                     |                       |   |                        | <b>2,356,025</b>        |
| <b>Other segmental information</b>           |                   |                     |                       |   |                        |                         |
| Capital expenditure incurred during the year | 539,924           | 68,116              | 147,294               | -                                       | 4,927                  | 760,261                 |
| Depreciation and amortisation for the year   | 137,956           | 33,744              | 8,258                 | -                                       | 2,563                  | 182,521                 |

Turnover and contributions to the Group's profit from principal activities during the year, after elimination of all material inter-company transactions, are as follows (continued):

|  | Mining<br>RMB'000 | Smelting<br>RMB'000 | Inter-segment<br>elimination<br>RMB'000 | Unallocated<br>RMB'000 | Consolidated<br>RMB'000 |
|--|-------------------|---------------------|---|------------------------|-------------------------|
| <b>Year ended 31 December 2007</b>           |                   |                     |   |                        |                         |
| <b>Revenue and expenses</b>                  |                   |                     |   |                        |                         |
| Revenue from external customers              | 107               | 2,844,453           | –                                       | –                      | 2,844,560               |
| Inter-segment revenue                        | 461,942           | –                   | (461,942)                               | –                      | –                       |
| Other revenue from external customers        | 2,007             | 14,830              | –                                       | 126,024                | 142,861                 |
| <b>Total</b>                                 | <b>464,056</b>    | <b>2,859,283</b>    | <b>(461,942)</b>                        | <b>126,024</b>         | <b>2,987,421</b>        |
| Segment result                               | 78,971            | 290,129             | (4,700)                                 | 126,024                | 490,424                 |
| Unallocated operating income and expenses    |                   |                     |   |                        | (49,813)                |
| Profit from operations                       |                   |                     |   |                        | 440,611                 |
| Finance costs                                |                   |                     |   |                        | (101,613)               |
| Income tax                                   |                   |                     |   |                        | (115,669)               |
| <b>Profit for the year</b>                   |                   |                     |   |                        | <b>223,329</b>          |
| <i>Impairment</i>                            |                   |                     |   |                        |                         |
| – trade and other receivables                | –                 | 624                 |   |                        |                         |
| – purchase deposits                          | –                 | 8,367               |   |                        |                         |
| <b>As at 31 December 2007</b>                |                   |                     |   |                        |                         |
| <b>Assets and liabilities</b>                |                   |                     |   |                        |                         |
| Segment assets                               | 1,274,426         | 1,049,836           | (44,463)                                | –                      | 2,279,799               |
| Unallocated assets                           |                   |                     |   |                        | 1,120,504               |
| <b>Total assets</b>                          |                   |                     |   |                        | <b>3,400,303</b>        |
| Segment liabilities                          | 97,979            | 227,332             | (44,463)                                | –                      | 280,848                 |
| Unallocated liabilities                      |                   |                     |   |                        | 1,421,072               |
| <b>Total liabilities</b>                     |                   |                     |   |                        | <b>1,701,920</b>        |
| <b>Other segmental information</b>           |                   |                     |   |                        |                         |
| Capital expenditure incurred during the year | 617,378           | 155,827             | –                                       | 4,599                  | 777,804                 |
| Depreciation and amortisation for the year   | 136,997           | 24,247              | –                                       | 2,165                  | 163,409                 |

## Geographical segments

The Group's turnover and operating profit are almost entirely derived from the gold mining, smelting and processing business in the PRC. Accordingly, no analysis by geographical segment has been presented.

### 10. Trade and other receivables, deposits and prepayments

Trade and other receivables, deposits and prepayments comprise:

|   | 2008<br><i>RMB'000</i> | 2007<br><i>RMB'000</i> |
|---|------------------------|------------------------|
| Trade receivables   | 57,050                 | 58,918                 |
| Bills receivables   | 66,531                 | 34,050                 |
| Less: Allowance for doubtful receivables                            | <u>(2,342)</u>         | <u>–</u>               |
|   | -----<br>121,239       | -----<br>92,968        |
| Other receivables, deposits and prepayments                         | 56,155                 | 42,654                 |
| Less: Allowance for doubtful receivables                            | <u>(2,302)</u>         | <u>(2,105)</u>         |
|   | -----<br>53,853        | -----<br>40,549        |
| Purchase deposits ( <i>note 10(c)</i> )                             | 211,651                | 119,510                |
| Less: Allowance for non-delivery                                    | <u>(13,093)</u>        | <u>(8,367)</u>         |
|   | -----<br>198,558       | -----<br>111,143       |
| Derivative financial assets ( <i>note 10(d)</i> )                   | 4,137                  | –                      |
| Deposits for derivative financial instruments ( <i>note 10(d)</i> ) | 59,471                 | –                      |
| Amount due from Beijing Jiuyi ( <i>note 10(e)</i> )                 | <u>108,700</u>         | <u>418,700</u>         |
|   | -----<br>172,308       | -----<br>418,700       |
|   | <u>545,958</u>         | <u>663,360</u>         |

All of the trade and other receivables, deposits and prepayments are expected to be recovered within one year.

At 31 December 2007, an amount of RMB35,639,000 included in trade receivables which were unsecured and interest-bearing at rates with reference to one year borrowing of the People's Bank of China.

**(a) Ageing analysis**

An ageing analysis of trade and bills receivable (net of impairment losses for bad and doubtful debts) as of the balance sheet date is as follows:

|                                      | <b>2008</b><br><i>RMB'000</i> | 2007<br><i>RMB'000</i> |
|--------------------------------------|-------------------------------|------------------------|
| Within 3 months                      | <b>81,680</b>                 | 66,933                 |
| Over 3 months but less than 6 months | <b>37,944</b>                 | 26,035                 |
| Over 6 months but less than 1 year   | <b>1,395</b>                  | –                      |
| Over 1 year                          | <b>220</b>                    | –                      |
|                                      | <hr/>                         | <hr/>                  |
| At 31 December                       | <b>121,239</b>                | 92,968                 |
|                                      | <hr/> <hr/>                   | <hr/> <hr/>            |

The Group requests customers to pay cash or settle by bills in full prior to delivery of goods. Subject to negotiation, credit term of a maximum of 180 days is only available for certain major customers with well-established trading records.

**(b) Impairment of trade and other receivables**

Impairment losses in respect of trade and other receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and other receivables directly.

Movement in the allowance for doubtful receivables during the year are as follows:

|                                   | <b>2008</b><br><i>RMB'000</i> | 2007<br><i>RMB'000</i> |
|-----------------------------------|-------------------------------|------------------------|
| At 1 January                      | <b>2,105</b>                  | 3,123                  |
| Impairment loss recognised        | <b>2,539</b>                  | 640                    |
| Impairment loss written back      | –                             | (16)                   |
| Uncollectible amounts written off | –                             | (1,642)                |
|                                   | <hr/>                         | <hr/>                  |
| At 31 December                    | <b>4,644</b>                  | 2,105                  |
|                                   | <hr/> <hr/>                   | <hr/> <hr/>            |

At 31 December 2008, the Group's trade and bills receivable of RMB4,644,000 (2007: RMB2,105,000) were individually determined to be impaired.

**(c) Purchase deposits**

Purchase deposits represent the amounts paid by the Group in advance to suppliers to secure timely and stable supply of mineral sand for the purposes of refining in future periods. The Directors of the Company consider that appropriate procedures have been taken by the Group to assess the capabilities of the suppliers to supply mineral sand and expect that the purchase deposits would be gradually recovered through future purchases of mineral sand from the respective suppliers.

**(d) Deposits for derivative financial instruments**

The Group has placed deposits of RMB59,471,000 (2007: RMB Nil) with independent futures trading agents for commodity derivative contracts entered into in the normal course of business primarily to protect the Group from the impact of price fluctuations in gold and copper commodities. The notional amounts of the Group's commodity derivative contracts were as follows:

|                            | <b>2008</b><br><b>RMB'000</b> |
|----------------------------|-------------------------------|
| Future commodity contracts |                               |
| –Buy                       | <b>43,642</b>                 |
| –Sell                      | <b>193,426</b>                |
|                            | <hr/> <hr/>                   |

The net unrealised loss on the Group's commodity derivative contracts remeasured at fair value as at 31 December 2008 recognised in profit or loss for the year then ended are as followings:

|   | <b>2008</b><br><b>RMB'000</b> |
|---|-------------------------------|
| Derivative financial assets                         | <b>4,137</b>                  |
| Derivative financial liabilities ( <i>note 11</i> ) | <b>(4,993)</b>                |
|   | <hr/>                         |
| Net unrealised losses ( <i>note 4</i> )             | <b>(856)</b>                  |
|   | <hr/> <hr/>                   |

**(e) Amount due from Beijing Jiuyi**

On 4 December 2007, the Company has entered into a termination agreement (the "Termination Agreement") with Beijing Jiuyi Investment Company Limited ("Beijing Jiuyi") to terminate the proposed acquisition of Shaanxi Jiusheng Mining Investment Management Company Limited ("Shaanxi Jiusheng") Acquisition. Pursuant to the Termination Agreement, Beijing Jiuyi shall repay the investment deposits of RMB305,800,000 and pay a compensation fee of RMB112,900,000 (see note 3) to the Company for the failure to reach a definitive agreement for the Shaanxi Jiusheng Acquisition. The aggregate amount of RMB418,700,000 shall be paid/repaid by Beijing Jiuyi to the Company in three instalments before 31 March 2008. An extension agreement (the "Extension Agreement") was signed between Beijing Jiuyi and the Company on 30 June 2008 and the repayment date of the remaining RMB108,700,000 was postponed to 31 December 2008.

The Company's Directors have considered whether Beijing Jiuyi has the ability to repay the outstanding amounts to the Company and they have been actively negotiating with the management of Beijing Jiuyi. Based on the discussions between the management of Beijing Jiuyi and the Company's Directors, the Company's Directors consider that the outstanding amount is fully recoverable. In addition, following the expiry of the Extension Agreement, the Company has entered into a supplementary agreement (the "Supplementary Agreement") with Beijing Jiuyi on 12 April 2009 to further extend the repayment date. According to the Supplementary Agreement, the remaining RMB108,700,000 shall be settled by Beijing Jiuyi in two instalments, the first instalment in an amount of RMB50,000,000 settled before 30 April 2009 and the second instalment in an amount of RMB58,700,000 settled before 31 October 2009.

## 11. Trade and other payables

|  | 2008<br><i>RMB'000</i> | 2007<br><i>RMB'000</i> |
|--|------------------------|------------------------|
| Trade payables   | 145,321                | 98,050                 |
| Other payables   | 182,432                | 176,893                |
| Payable for mining rights                              | 78,401                 | –                      |
| Salary and welfare payable                             | 23,893                 | 34,441                 |
| Accruals   | 13,764                 | 16,064                 |
| Interest payable                                       | 9,541                  | 10,053                 |
| Dividend payable                                       | 3,770                  | 1,440                  |
| Receipts in advance                                    | 2,288                  | 9,725                  |
| Derivative financial liabilities ( <i>note 10(d)</i> ) | 4,993                  | –                      |
|  | <u>464,403</u>         | <u>346,666</u>         |
| <b><i>Non-current other payables</i></b>               |                        |                        |
| Payable for mining rights                              | 101,630                | –                      |
| Payable to a minority shareholder                      | 10,100                 | –                      |
|  | <u>111,730</u>         | <u>–</u>               |

The amount payable to a minority shareholder is unsecured, interest-free and repayable on 1 April 2011.

- (a) Included in trade and other payables are trade creditors with the following ageing analysis as of the balance sheet date:

|                                      | 2008<br><i>RMB'000</i> | 2007<br><i>RMB'000</i> |
|--------------------------------------|------------------------|------------------------|
| Within 3 months                      | 133,813                | 88,558                 |
| Over 3 months but less than 6 months | 6,337                  | 4,689                  |
| Over 6 months but less than 1 year   | 3,938                  | 1,410                  |
| Over 1 year but less than 2 years    | 73                     | 1,467                  |
| Over 2 years                         | 1,160                  | 1,926                  |
|                                      | <u>145,321</u>         | <u>98,050</u>          |

- (b) Current trade and other payables comprise:

Included in other payables of the Group as at 31 December 2007 was an amount payable to the National Social Security Fund of RMB80,942,000. In accordance with the relevant PRC government regulations, Lingbao State-owned Assets Operation Limited Liability Company, Sanmenxia Jinqu Group Company Limited and Lingbao Electric Company (“Selling Shareholders”) are required to dispose of a portion of its ordinary shares in the Global Offering and pay the net proceeds of the disposal to the National Social Security Fund. The Group received the net proceeds on behalf of the Selling Shareholders and an amount of RMB80,942,000 is paid to the National Social Security Fund during the year ended 31 December 2008.

## 12. Changes in accounting policies

The HKICPA has issued a number of new Interpretations and an Amendment to HKFRSs that are first effective for the current accounting period of the Group and the Company. However, none of these developments is relevant to the Group's or the Company's operations.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Review of Business and Prospect

In 2008, the Group produced approximately 14,001 kg (equivalent to approximately 450,143 ounce) gold, representing an increase of approximately 1,009 kg (equivalent to approximately 32,440 ounce) or 7.8% as compared with the previous year. The Group's turnover for 2008 increased by 25.1% to approximately RMB3,559,089,000. The profit for the year was approximately RMB106,761,000, representing a decrease of approximately 52.2% as compared with the previous year. The Company's basic earnings per share decreased to RMB0.14 in 2008. The decrease was mainly attributable to decline in commodity prices in the second half of 2008, and this adversely affected the profit of the Group.

Given that raw materials accounted for over 80% of total production cost, the Group intends to increase its self-produced output of mineral sand through acquisition and expansion of mining operation, thereby uplifting the overall production and operation targets so as to minimise the risks associated with the raw materials purchased from outsiders.

### 1. Mining Segment

#### *Turnover and production*

Our mining business mainly comprises the sales of gold concentrates and compound gold. Most of the gold concentrates and compound gold were sold to the Group's smelting plants as inter-segment sales.

The following table sets forth the analysis on the production and sales volume of the mining segment by product category:

|                       |       | 2008                          |                          | 2007                          |                          |
|-----------------------|-------|-------------------------------|--------------------------|-------------------------------|--------------------------|
|                       | Unit  | Approximate production volume | Approximate sales volume | Approximate production volume | Approximate sales volume |
| Gold concentrates     | kg    | 1,711                         | 1,650                    | 1,912                         | 1,864                    |
| Compound gold         | kg    | 1,222                         | 1,228                    | 1,039                         | 1,039                    |
| From: Henan region    |       | 128                           | 119                      | 241                           | 241                      |
| Xinjiang region       |       | 728                           | 748                      | 519                           | 519                      |
| Inner Mongolia region |       | 366                           | 361                      | 279                           | 279                      |
| Total                 | kg    | 2,933                         | 2,878                    | 2,951                         | 2,903                    |
| Total                 | ounce | 94,298                        | 92,530                   | 94,875                        | 93,334                   |

The Group's total turnover of the mining segment for 2008 was approximately RMB517,966,000, representing an increase of approximately 11.6% from approximately RMB464,056,000 in 2007. During the year, turnover of gold mines in Henan, Xinjiang and Inner Mongolia represented approximately 56.1%, 28.3% and 15.6% of the total turnover of the mining segment respectively. The production volume of compound gold increased by approximately 183 kg to approximately 1,222 kg while the production volume of gold concentrates decreased by approximately 201 kg to approximately 1,711 kg. This was mainly due to the commencement of production of Henan's Tongbai Xingyuan Mining Company Limited ("Tongbai Xingyuan") in July 2007 and the construction of the new processing plant in Xinjiang mining region with a daily processing capacity of 1,000 tonnes of mined ores, which together brought greater contribution to the Group's mining operation in 2008 and led to an increase in the gold production.

### ***Segment results***

The Group's results of the mining segment for 2008 was approximately RMB33,816,000, representing a decrease of approximately 57.2% from approximately RMB78,971,000 in 2007. The segment result to segment turnover ratio of the Group's mining segment in 2008 was approximately 6.5%, resulting to a decrease of approximately 10.5% from approximately 17.0% in 2007.

### ***Capital expenditure***

During the year 2008, the Group's capital expenditure was approximately RMB539,924,000, representing a decrease of approximately 12.5% from approximately RMB617,378,000 in 2007.

The Group's capital expenditure mainly relates to the construction of mining shafts, purchase of exploration rights and mining rights.

### ***Prospect***

In view of global financial crisis and the fluctuation in gold price, Lingbao Gold will continue to explore gold mines, such as Lingbao Nanshan Mine Region, Hongxin Mine Region, Xinjiang Habahe, Nanyang Xingyuan and Jinchan in Inner Mongolia, to conduct geographical and geological exploration for mineral deposits and to research on mineralization across these regions. Meanwhile, the Group will also continue to improve the gold production capacity in our gold mines, and to further reduce the cost of extraction and supply. The Group will complete the plant construction project of Full Gold Mining Limited Liability Company ("Full Gold") in 2009 and planned to commence production in late 2009 as scheduled.

## 2. Smelting Segment

Our smelting plant is situated in Henan Province, and is capable of processing gold, silver, copper and sulphur. Its main products include gold bullion, silver, copper products and sulphuric acid. The following table sets forth the analysis on the production and sales volume of the smelting segment by product category:

| Product         | Unit  | 2008                          |                          | 2007                          |                          |
|-----------------|-------|-------------------------------|--------------------------|-------------------------------|--------------------------|
|                 |       | Approximate Production volume | Approximate sales volume | Approximate production volume | Approximate sales volume |
| Gold bullion    | kg    | 14,001                        | 13,956                   | 12,992                        | 12,803                   |
|                 | ounce | 450,143                       | 448,696                  | 417,703                       | 411,626                  |
| Silver          | kg    | 40,157                        | 22,521                   | 40,005                        | 37,601                   |
|                 | ounce | 1,291,078                     | 724,067                  | 1,286,191                     | 1,208,900                |
| Copper products | tonne | 12,193                        | 11,344                   | 9,940                         | 8,771                    |
| Sulphuric acid  | tonne | 177,491                       | 176,824                  | 150,846                       | 149,397                  |

### ***Sales and production***

The Group's total turnover from the smelting segment for 2008 was approximately RMB3,527,681,000, representing an increase of approximately 23.4% from approximately RMB2,859,283,000 in 2007. Such increase was principally attributable to the increase in the sales of gold bullion as a result of an approximate 14.0% increase in selling price of gold bullion as compared with the previous year, and an increase in sales volume of 1,153kg to 13,956kg in 2008 from 12,803kg in the previous year.

The daily processing capacity of the Group is approximately 960 tonnes of gold concentrates, and the utilisation rate for production was approximately 100%. This resulted in an increase of approximately 7.8%, 0.4%, 22.7% and 17.7% in the Group's production volume for gold, silver, copper and sulphuric acid respectively as compared with the previous year. During the year, gold recovery rate was approximately 96.5%, silver recovery rate was approximately 73.1% and the copper recovery rate was approximately 95.2%. The Group continued to maintain the recovery rates at a high level.

### ***Segment results***

Our smelting segment results for 2008 was approximately RMB241,840,000, representing an approximate 16.6% decrease from approximately RMB290,129,000 in 2007. The segment results to segment turnover ratio of our smelting business in 2008 was approximately 6.9%, decreasing by approximately 3.2% from approximately 10.1% in 2007.

### ***Capital expenditures***

During the year 2008, the capital expenditure of the Group was approximately RMB68,116,000, a decrease of approximately 56.3% from approximately RMB155,827,000 in 2007.

Our principal capital expenditure relates to the smelting plant's construction work, purchase of equipment with regard to its expansion projects, and upgrading of production equipment.

### ***Prospect***

For smelting segment, the Group will continue to increase gold production, to strengthen production and operation management, to improve raw material quality, to stabilise raw material procurement, and to reduce smelting cost to fully leverage on the recent high gold price. Meanwhile, we will monitor copper price in the market, actively to carry out sales of copper, and will conduct market survey for sulphuric acid, to maximise sale.

## **FINANCIAL CONDITION**

### **1. Combined Operating Results**

#### ***Turnover***

The Group's sales analysis by products is shown as follows:

|                           | 2008              |                             |                                   | 2007              |                             |                                   |
|---------------------------|-------------------|-----------------------------|-----------------------------------|-------------------|-----------------------------|-----------------------------------|
|                           | Amount<br>RMB'000 | Sales<br>volume<br>kg/tonne | Unit price<br>RMB per<br>kg/tonne | Amount<br>RMB'000 | Sales<br>volume<br>kg/tonne | Unit price<br>RMB per<br>kg/tonne |
| Gold bullion              | 2,743,352         | 13,956 kg                   | 196,572                           | 2,208,327         | 12,803 kg                   | 172,485                           |
| Silver                    | 76,991            | 22,521 kg                   | 3,419                             | 113,936           | 37,601 kg                   | 3,030                             |
| Copper products           | 394,151           | 8,074<br>tonnes             | 48,817                            | 472,587           | 8,771<br>tonnes             | 53,881                            |
| Copper foils              | 161,535           | 2,249<br>tonnes             | 71,825                            | –                 | –                           | –                                 |
| Copper cords              | 48,973            | 940<br>tonnes               | 52,099                            | –                 | –                           | –                                 |
| Sulphuric acid            | 142,846           | 176,824<br>tonnes           | 808                               | 55,637            | 149,397<br>tonnes           | 372                               |
| Turnover before sales tax | 3,567,848         |                             |                                   | 2,850,487         |                             |                                   |
| Less: Sales tax           | (8,759)           |                             |                                   | (5,927)           |                             |                                   |
|                           | <u>3,559,089</u>  |                             |                                   | <u>2,844,560</u>  |                             |                                   |

The Group's turnover for 2008 was approximately RMB3,559,089,000, representing an approximate 25.1% increase as compared with the previous year. Such increase was mainly attributable to the increase of approximately 24.2% in the sales of gold bullion, as a result of the increase in our average selling price and quantity of gold bullion sold of approximately 14.0% and 9.0% respectively during the year.

During March 2008, the Group has acquired the entire interest in Lingbao Wason Copper-Foil Co., Ltd (“Lingbao Wason”) for a consideration of RMB27,900,000. Lingbao Wason is principally engaged in production of copper foil and copper cord. During 2008, production volume of copper foil and copper cord were 2,330 tonnes and 1,013 tonnes respectively; sales volume of copper foil and copper cord were 2,249 tonnes and 940 tonnes respectively.

### ***Cost of sales***

The Group’s cost of sales for 2008 was approximately RMB3,177,792,000, representing an approximate 32.9% increase from approximately RMB2,391,647,000 for 2007. Such increase was principally attributable to the increase of approximate 30.1% in the cost of raw materials, to RMB2,621,018,000 as a result of the increase in production capacity, the growth of purchase volume and the increase in gold price. Owing to the rise in gold price, the unit purchase price of gold concentrates increased by approximately 16.4%, that is, from approximately RMB152,000 per kg in 2007 to RMB177,000 per kg in 2008.

### ***Gross profit and gross profit margin***

The Group’s gross profit and gross profit margin for 2008 were approximately RMB381,297,000 and approximately 10.7% respectively, representing a decrease of approximately 15.9% and a decrease of 5.2% respectively as compared to 2007. As a result of the decrease in copper and other metal prices, the Group had recognised an impairment loss on inventories of approximately RMB36,112,000 during the year.

### ***Other revenue***

The Group’s other revenue for 2008 was approximately RMB18,180,000, representing an approximate 87.3% decrease as compared with approximately RMB142,861,000 for 2007. Such change was principally attributable to the fact that the Group terminated the acquisition of Shaanxi Jiusheng in 2007. Due to the termination of the proposed acquisition, the Group received a compensation of RMB112,900,000 in 2007.

### ***Other net gain/(loss)***

The Group’s other net gain for 2008 was approximately RMB31,992,000 and net loss of approximately RMB4,494,000 for 2007. Such variance was mainly attributable to the realised gain from derivative financial instruments of approximately RMB45,421,000.

### ***Selling and distribution expenses***

The Group’s selling and distribution expenses for 2008 were approximately RMB19,881,000, representing an increase of approximately 38.6% as compared with the previous year. Such increase was principally attributable to the commencement of production in Tongbai Xingyuan in July 2007 and the acquisition of Lingbao Wason in March 2008.

### ***Administrative expenses and other operating expenses***

The Group's administrative expenses and other operating expenses in 2008 were approximately RMB174,082,000, representing an approximate 27.7% increase from approximately RMB136,329,000 in 2007. The increase was mainly attributable to the expansion of the production and operation scale of the Group.

### ***Finance costs***

The Group's finance costs in 2008 was approximately RMB115,262,000, representing an approximate 13.4% increase from approximately RMB101,613,000 for 2007. The increase was principally attributable to the increase in bank and other borrowings of approximately RMB435,299,000 for the year ended 31 December 2008 as compared with the previous year.

### ***Profit attributable to the Company's equity shareholders***

The Group's profit attributable to our equity shareholders in 2008 was approximately RMB108,166,000, representing an approximate 51.3% decrease from approximately RMB222,270,000 in 2007. The net profit margin for 2008 was approximately 3.0%, representing a decrease of 4.8% to that of approximately 7.8% in 2007. The Company's basic earning per share was RMB0.14. The Group does not recommend the payment of dividend for the year.

## **2. Liquidity and Financial Resources**

The Group generally finances its acquisition and operations with internally generated funds and interest bearing borrowings. The cash and bank balances as at 31 December 2008 amounted to RMB575,478,000, of which 8.1% was denominated in Hong Kong dollars.

The shareholders' equity of the Group as at 31 December 2008 amounted to RMB1,729,131,000 (31 December 2007: RMB1,698,383,000). As at 31 December 2008, the Group had current assets of RMB1,854,974,000 (31 December 2007: RMB1,866,436,000) and current liabilities of RMB1,785,865,000 (31 December 2007: RMB1,554,953,000). The current ratio was 1.04 (31 December 2007: 1.20).

As at 31 December 2008, the Group had total outstanding bank loans and other loan of approximately RMB1,738,430,000 with interest rates ranged from 4.86% to 6.93% per annum, of which approximately RMB1,280,000,000 was repayable within one year, approximately RMB455,160,000 was repayable after one year but within two years while approximately RMB3,270,000 was repayable after two years. The gearing ratio as at 31 December 2008 was 42.6% (31 December 2007: 38.3%) which was calculated by total borrowings divided by total assets.

## **3. Security**

As at 31 December 2008, the mining right of Istanbul Gold Mine amounting to RMB145,328,000 at carrying value and the ordinary shares of Full Gold were pledged for the borrowings from the National Development Bank.

#### **4. Material Acquisition**

On 27 February 2008, the Group acquired the mining right of Istanbul Gold Mine located in Kyrgyz Republic at a cash consideration of US\$25,300,000. For details in relation to the acquisition, please refer to the announcement of the Company dated 27 February 2008.

#### **5. Market risks**

The Group is exposed to various types of market risks, including fluctuations in gold price and other commodity prices, changes in interest rates and exchange rates.

##### ***Gold price and other commodities price risk***

The Group's turnover and profit during the year are affected by fluctuations in the gold prices and other commodities price as all the products are sold at the market prices with fluctuation not subject to the control of the Group. We have not used and strictly prohibit the use of commodity derivative instruments or futures for speculation purpose, and all commodity derivative instruments are only used to minimise the potential price fluctuation of gold and other commodities.

##### ***Interest rate***

The Group is exposed to risk resulting from the fluctuation in interest rates on our debt obligations. The Group undertakes debt obligations for supporting capital expenditure and general working capital. Our bank loans bear interest rates that are subject to adjustment made by our lenders in accordance with changes of the relevant People's Bank of China ("PBOC") regulations. If the PBOC increases the interest rates, our finance cost increases accordingly. In addition, to the extent that we may need to raise debt financing in the future, upward fluctuations in interest rates will increase the cost of new debt.

##### ***Exchange rate risk***

The Group's transactions are mainly denominated in Renminbi. Fluctuations in exchange rates may affect the international and domestic gold price, which may impact our results of operation. Renminbi is not freely convertible and the currency would fluctuate against a basket of currencies. The PRC government may take further actions and implement new measures on free trade of Renminbi.

Apart from the above, the Group is also exposed to exchange rate risk primarily through bank deposits and other payables that are denominated in a currency other than the functional currency of the operations to which they relate. The currencies giving rise to risk are primarily Hong Kong dollars, United States dollars and Japanese Yen.

Fluctuations in exchange rates may adversely affect the value of our net assets, earnings and any dividends we declare when such are being converted to Hong Kong dollars.

## **6. Contractual obligations**

As at 31 December 2008, capital commitments, including the construction costs not provided for in the financial statements, were approximately RMB176,184,000, representing an increase of approximately RMB152,702,000 from approximately RMB23,482,000 as at 31 December 2007.

As at 31 December 2008, our total future minimum lease payments under non-cancellable operating leases amounted to approximately RMB2,205,000, of which approximately RMB768,000 was payable within one year, approximately RMB1,104,000 was payable after one year but within five years, and approximately RMB333,000 was payable after five years.

## **7. Contingent liabilities**

The Company has given guarantee to a bank to secure facilities of RMB100,000,000 (2007: RMB Nil) granted to a subsidiary and such facilities have been fully utilised at 31 December 2008.

## **8. Human resources**

In 2008, the average number of employees of the Group was 4,339. The Company highly treasures its human resources and offers competitive remuneration to employees and provides employees with training programs.

## **Corporate Governance**

After our listing of H Shares on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 12 January 2006, the Company has complied with all Code Provisions under the Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules save for the deviation from Code Provision A.2.1 (Division of responsibilities between the chairman and chief executive officer) and Code Provision A.4.2 (Directors appointed to fill a casual vacancy be subject to election by shareholders at the first general meeting after appointment).

Mr. Xu Gaoming is the Chairman and Chief Executive Officer of the Company and has considerable industry experience. The Board is of the view that it is in the best interests of the Group to have an executive chairman so that the Board can benefit from a chairman who is knowledgeable about the business of the Group and is capable to guide the discussions and brief the Board (in particular, the non-executive Directors) in a timely manner on various issues and developments of the industry. In addition, there is clear delineation in the responsibilities of the Board and the Management set out in article of association of the Company and the Board believes that this structure can assist the Group to implement decisions promptly and more efficiently.

With respect to the re-election of newly appointed Director, the Company has complied with Paragraph 4(2) of Appendix 3 of the Listing Rules, which permits the Directors who has been appointed to fill a casual vacancy of the Board be subject to re-election at the next annual general meeting of the Company. As such, Code Provision A.4.2, which requires the re-election to take place in the next general meeting, were not adopted.

## **AUDIT COMMITTEE**

Audit Committee comprises one non-executive Director and four independent non-executive Directors, namely Yan Wanpeng (Chairman), Wang Yumin, Niu Zhongjie, Wang Han and Du Liping.

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed the internal control and financial reporting matters regarding the preliminary final results for the year ended 31 December 2008 together with the management of the Group. The audit committee considered that the audited financial statements for the year had complied with the requirements of applicable standard and appropriate disclosure was made.

## **PURCHASE, SALES OR REDEMPTION OF SHARES OF THE COMPANY**

For the year ended 31 December 2008, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares.

## **DIVIDENDS**

After the balance sheet date, the Directors do not recommend the payment of any final dividend (2007: RMB0.10 per share, amounting RMB77,025,000).

## **CLOSURE OF REGISTER**

The register of members of the Company will be closed from Tuesday, 19 May 2009 to Thursday, 18 June 2009, (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for attending the forthcoming annual general meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H shares registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) or the registered office address of the Company at Xin Village, Yin Zhuang Town, Daonan Industrial Area, Lingbao, Henan, the PRC (for holders of domestic shares), no later than 4:00 p.m. on Monday, 18 May 2009.

## **MODEL CODE FOR SECURITIES TRANSACTIONS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as the Company's code of conduct for dealings in securities of the Company by Directors and supervisors. Based on specific enquiry of the Company's Directors, the Board confirmed that all directors and supervisors had fully complied with the required standard set out in the Model Code throughout the period under review.

## **PUBLICATION OF RESULT ANNOUNCEMENT AND ANNUAL REPORT**

This result announcement has been published on the website of Hong Kong Exchanges and Clearing Limited (“HK Exchange”), [www.hkexnews.hk](http://www.hkexnews.hk), and the website of the Company, [www.irasia.com/listco/hk/lingbao](http://www.irasia.com/listco/hk/lingbao). The 2008 Annual Report will be despatched to shareholders in due course and published on the websites of HK Exchange and the Company.

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

Hong Kong, 24 April 2009

As at the date of this announcement, the directors of the Company are:

*Executive Directors: Xu Gaoming, Wang Jianguo, Lu Xiaozhao, Jin Guangcai, Liu Pengfei and Zhang Guo;*

*Non-Executive Directors: Wang Yumin; and*

*Independent Non-Executive Directors: Niu Zhongjie, Wang Han, Yan Wanpeng and Du Liping.*