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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)**

- (1) PROPOSED A SHARE ISSUE;**
- (2) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**
- (3) PROPOSED AMENDMENTS TO THE INDEPENDENT DIRECTORS RULES AND THE PROCEDURAL RULES;**
- (4) PROPOSED ADOPTION OF THE USE OF PROCEEDS RULES AND THE GUARANTEE RULES; AND**
- (5) RESUMPTION OF TRADING**

### **PROPOSED A SHARE ISSUE**

The Board is pleased to announce that at a meeting of the Board held on 29 September 2011, it was resolved that, subject to Shareholders' approval, the Company will apply to the Relevant Authorities in the PRC for the issue of not more than 300,000,000 A Shares with a nominal value of RMB0.20 each, representing approximately 38.95% of the total issued share capital of the Company as at the date of this announcement or approximately 28.03% of the enlarged total issue share capital upon issue of the A Shares, to be listed on the Shanghai Stock Exchange.

The Proposed A Share Issue is subject to, among others, (i) approval from the Shareholders at the EGM and the Class Meetings; (ii) consent, permission and approval from the Relevant Authorities including but not limited to the approval from the CSRC; and (iii) the approval of the Shanghai Stock Exchange as to the listing of and dealing in the A Shares.

### **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

To accommodate the Proposed A Share Issue, the Company will, when proceeding with the Proposed A Share Issue, make proposed amendments of the Articles of Association in compliance with all relevant and applicable PRC legal and regulatory requirements. The proposed amendments of the Articles of Association will become effective upon completion of the Proposed A Share Issue, subject to approval by way of a special resolution by the Shareholders at the EGM, and conditional upon obtaining any approval, endorsement or registration as may be necessary from the Relevant Authorities.

### **PROPOSED AMENDMENTS TO THE INDEPENDENT DIRECTORS RULES AND THE PROCEDURAL RULES**

Pursuant to the relevant laws, rules, regulations and requirements of the CSRC, the Company has

proposed to amend the Independent Directors Rules in respect of the appointment, election, power, duties and responsibilities of the independent Directors; and the Procedural Rules in respect of the functions, operations and procedures of shareholders meetings, board meetings and the supervisory committee. The proposed amendments to the Independent Directors Rules are subject to Shareholders' approval by way of ordinary resolution, whereas the proposed amendments to the Procedural Rules are subject to Shareholders' approval by way of special resolution. Both of them also need approval by the Relevant Authorities and will take effect upon listing of the A Shares.

### **PROPOSED ADOPTION OF THE USE OF PROCEEDS RULES AND THE GUARANTEE RULES**

Pursuant to the relevant PRC laws and regulatory requirements, the Company has proposed to adopt the Use of Proceeds Rules to govern the use of proceeds raised by the Company under the Proposed A Share Issue. The proposed adoption of the Use of Proceeds Rules is subject to Shareholders' approval by way of ordinary resolution at the EGM, and conditional upon obtaining any approval, endorsement or registration as may be necessary from the Relevant Authorities and will take effect upon listing of the A Shares.

Further, pursuant to the relevant PRC laws and regulatory requirements, the Company has proposed to establish the Guarantee Rules to govern the Company's external guarantee activities. The proposed adoption of the Guarantee Rules is subject to Shareholders' approval by way of ordinary resolution at the EGM, and conditional upon obtaining any approval, endorsement or registration as may be necessary from the Relevant Authorities and will take effect after listing of A Shares.

It shall be noted that (a) the Proposed A Share Issue is subject to approval by way of special resolutions by Shareholders at the EGM and the Class Meetings; (b) the proposed amendments to the Articles of Association are subject to approval by way of special resolution by Shareholders at the EGM; (c) the proposed amendments to the Independent Directors Rules and the Procedural Rules are subject to approval by way of ordinary and special resolutions by Shareholders at the EGM respectively; (d) the proposed adoption of the Use of Proceeds Rules and the Guarantee Rules are subject to approval by way of ordinary resolutions by Shareholders at the EGM. The EGM and the Class Meetings are scheduled to be held on or about 21 December 2011.

The Circular containing, among other things, details of (i) the Proposed A Share Issue, (ii) the proposed amendments to the Articles of Association and (iii) the proposed amendments to the Independent Directors Rules and the Procedural Rules, (iv) the proposed adoption of the Use of Proceeds Rules and the Guarantee Rules together with the notices of the EGM and the Class Meetings will be despatched to Shareholders as soon as practicable.

**There is no assurance that the Proposed A Share Issue may proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares. Further details about the Proposed A Share Issue will be disclosed by the Company in the PRC when the Proposed A Share Issue materialises and appropriate disclosure will be made by the Company in Hong Kong concurrently in accordance with the Listing Rules.**

### **RESUMPTION OF TRADING**

Reference is made to the Company's announcement dated 26 September 2011. We have noted the decrease in the share price of the Company on 26 September 2011 and wish to state that except for the recent decrease in gold price and the Proposed A Share Issue, we are not aware of any other reasons for such decrease.

Save for the aforesaid, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any other matter discloseable under the general obligation imposed by

Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

At the request of the Company, trading in the H Shares of the Company was suspended with effect from 1:30 p.m. on 26 September 2011 pending the release of this announcement. An application has been made by the Company for resumption of trading in the H Shares of the Company from 9:00 a.m. on 3 October 2011.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

## **PROPOSED A SHARE ISSUE**

The Board is pleased to announce that at a meeting of the Board held on 29 September 2011, it was resolved that, subject to Shareholders' approval, the Company will apply to the Relevant Authorities in the PRC for the issue of not more than 300,000,000 A Shares with a nominal value of RMB0.20 each, representing approximately 38.95% of the total issued share capital of the Company as at the date of this announcement or approximately 28.03% of the enlarged total issue share capital upon issue of the A Shares, to be listed on the Shanghai Stock Exchange.

The Proposed A Share Issue is subject to, among others, (i) approval from the Shareholders at the EGM and the Class Meetings; (ii) consent, permission and approval from the Relevant Authorities including but not limited to the approval from the CSRC; and (iii) the approval of the Shanghai Stock Exchange as to the listing of and dealing in the A Shares.

### **Structure of the Proposed A Share Issue**

Type of Securities to be issued	A Shares
Place of Listing	Shanghai Stock Exchange
Number of A Shares to be issued	Not more than 300,000,000 A Shares. The final number of A Shares to be issued and the structure of the issue is subject to the approval by the Relevant Authorities and the adjustments (if any) made by the Board as authorized by the Shareholders at the EGM and the Class Meetings.
Target subscribers	Qualified price consultation participants, PRC natural person and institutional investors (including qualified foreign institutional investors recognized in the PRC) having "A" Share accounts with the Shanghai Stock Exchange, except those prohibited under the PRC laws or regulations and other regulatory requirements from participating in the Proposed A Share Issue.
Nominal value	RMB0.20 per A Share
Rights attached to A Shares	The A Shares are listed Domestic Shares and except as otherwise provided for in the applicable laws, rules and regulations and the Articles of Association, will rank pari passu with the existing Domestic Shares and H Shares in all respects. Once the Proposed A Share Issue is completed, both new and existing Shareholders will be entitled to share the accumulated retained earning at the time of the Proposed A Share Issue in accordance to their respective shareholding in the Company.
Method of issue	The issue will be conducted by a combination of placement of A

Shares to participants through offline price consultation and a public offering of A Shares through online subscriptions or such other methods as approved by CSRC.

Basis for determining the issue price

The issue price of the Proposed A Share Issue will be determined on the basis of market condition, the conditions prevailing in the PRC securities market at the time of the Proposed A Share Issue by way of customary market consultation and such other ways as approved by CSRC and in accordance with the relevant requirements issued by the CSRC, relevant PRC regulations and the Listing Rules. Upon publication of the prospectus for initial public offering of A Shares and the relevant announcement, the issue price range will be determined by making preliminary price consultations with qualified price consultation participants, and the issue price will be determined within the issue price range based on the cumulative bidding price consultations (or by other means of determining the issue price recognized by the CSRC). Thus, the amount of funds to be raised from the Proposed A Share Issue cannot be confirmed at the date of this announcement, but the offer price for the Proposed A Share Issue will not be lower than 90% of the average closing price of the Company's H Shares on the Stock Exchange for the 20 Trading Days preceding the date of the prospectus in connection with the Proposed A Share Issue.

### **Use of Proceeds**

The amount of funds to be raised from the Proposed A Share Issue cannot be confirmed as at the date of this announcement. However, subject to the sufficiency of the funds raised, the Company intends to apply the proceeds from the Proposed A Share Issue in the following manners:

- (i) approximately RMB 454,732,000 to be used for financing the construction of the facilities for smelting;
- (ii) approximately RMB 729,393,000 to be used for financing the development of the gold ores in Kyrgyzstan;
- (iii) approximately RMB 221,219,000 to be used for exploration activities in Henan and the Inner Mongolia; and
- (iv) approximately RMB 400,000,000 to be used for general working capital and for repayment of the bank borrowings of the Group.

If the amount of funds raised from the Proposed A Share Issue is insufficient for funding all of the above, such shortfall shall be funded from the Group's internal resources. If there is any surplus of the funds raised from the Proposed A Share, such surplus will be used for general working capital of the Group.

### **Completion of the Proposed A Share Issue**

The Proposed A Share Issue is conditional upon the following:

- (i) the passing of the special resolutions at the EGM and Class Meetings to approve the Proposed A Share Issue;

(ii) consent, permission and approval from the Relevant Authorities including but not limited to the approval of the Proposed A Share Issue by CSRC; and

(iii) the approval of the Shanghai Stock Exchange as to the listing and dealing in the A Shares.

### **Reasons for and the benefits of the Proposed A Share Issue**

The Directors believe that the Proposed A Share Issue will further broaden the Company's funding channels, and thereby improve the Company's capital structure and its debt financing capacity. In addition, the Proposed A Share Issue will provide the Company with financial resources for the specific needs as stipulated in the paragraph headed "Use of Proceeds" above and improve the competitiveness of the Group. The Directors believe that the Proposed A Share Issue will enhance the profile and corporate image of the Group, and is beneficial to the long term development of the Group. The Directors consider that the Proposed A Share Issue is in the interests of the Group and the Shareholders as a whole.

### **Effects of the Proposed A Share Issue**

Assuming that a total of 300,000,000 A Shares of RMB 0.20 each are issued under the Proposed A Share Issue and the Company will not issue any additional Shares prior to the Proposed A Share Issue, the shareholding structure of the Company immediately before and after the Proposed A Share Issue is set out as follows:

	<b>Immediately before the completion of the Proposed A Share Issue</b>		<b>Immediately after the completion of the Proposed A Share Issue</b>	
Domestic Shares				
- Existing Shares	472,975,091	61.41%	472,975,091	44.19%
- A Shares to be issued	-	-	300,000,000	28.03%
H Shares	297,274,000	38.59%	297,274,000	27.78%
Total number of Shares	770,249,091	100%	1,070,249,091	100%

The Company expects that the Proposed A Share Issue will not reduce the public float of the Company's total issued share capital as required under the Listing Rules.

### **Listing of A Shares**

The Company will apply to the CSRC for the listing of and permission to deal in all of the new A Shares to be issued and placed pursuant to the Proposed A Share Issue.

As at the date of this announcement, no application has been made by the Company to any Relevant Authorities in relation to the Proposed A Share Issue. The Company will submit an application to the CSRC for the Proposed A Share Issue after Shareholders' approvals have been obtained from the Class Meetings and the EGM.

### **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION**

To accommodate the Proposed A Share Issue, the Company will, when proceeding with the Proposed A Share Issue, make proposed amendments of the Articles of Association in compliance with all relevant and applicable PRC legal and regulatory requirements.

The proposed amendments to be made to the Articles of Association primarily aim to enhance the corporate governance of the Company and, in accordance with the relevant PRC laws and regulations, deal with matters relating to different areas such as alteration of the Company's registered capital and shareholding structure and other provisions as required by any applicable laws and regulations for companies with A Shares in issue. Such amendments are made on the basis of the existing Articles of Associations. The amended Articles of Association will comply with the relevant laws and regulations applicable to the companies with listed H Shares and A Shares and will safeguard the interest of both the holders of H Shares and A Shares.

The proposed amendments of the Articles of Association will become effective upon completion of the Proposed A Share Issue, subject to approval by way of special resolution by the Shareholders at the EGM, and conditional upon obtaining any approval, endorsement or registration as may be necessary from the Relevant Authorities.

Details of proposed amendments will be set out in the circular to be despatched to the Shareholders as soon as practicable.

### **PROPOSED AMENDMENTS TO THE INDEPENDENT DIRECTORS RULES AND THE PROCEDURAL RULES**

Pursuant to the relevant laws, rules, regulations and requirements of the CSRC, the Company has proposed to amend the Independent Directors Rules in respect of the appointment, election, power, duties and responsibilities of the independent Directors; and the Procedural Rules in respect of the functions, operations and procedures of shareholders meetings, board meetings and the supervisory committee. The proposed amendments to the Independent Directors Rules are subject to Shareholders' approval by way of ordinary resolution whereas the proposed amendments to the Procedural Rules are subject to Shareholders' approval by way of special resolution. Both of them also need approval by the Relevant Authorities and will take effect upon listing of the A Shares.

Details of the proposed amendments will be set out in the Circular to be despatched to the Shareholders as soon as practicable.

### **PROPOSED ADOPTION OF THE USE OF PROCEEDS RULES AND THE GUARANTEE RULES**

Pursuant to the relevant PRC laws and regulatory requirements, the Company has proposed to adopt the Use of Proceeds Rules to govern matters regarding the use of proceeds raised by the Company under the Proposed A Share Issue. The proposed adoption of the Use of Proceeds Rules is subject to Shareholders' approval by way of ordinary resolution at the EGM, and conditional upon obtaining any approval, endorsement or registration as may be necessary from the Relevant Authorities and will take effect upon listing of A Shares.

Further, pursuant to the relevant PRC laws and regulatory requirements, the Company has proposed to establish the Guarantee Rules to govern the Company's external guarantee activities. The proposed adoption of the Guarantee Rules is subject to Shareholders' approval by way of ordinary resolution at the EGM, and conditional upon obtaining any approval, endorsement or registration as may be necessary from the Relevant Authorities and will take effect after listing of A Shares.

Details of the proposed adoption will be set out in the Circular to be despatched to Shareholders as soon as practicable.

### **GENERAL INFORMATION**

It shall be noted that (a) the Proposed A Share Issue is subject to approval by way of special resolutions by Shareholders at the EGM and the Class Meetings; (b) the proposed amendments to the

Articles of Association are subject to approval by way of special resolutions by Shareholders at the EGM; (c) the proposed amendments to the Independent Directors Rules and the Procedural Rules are subject to approval by way of ordinary and special resolutions by Shareholders at the EGM respectively; (d) the proposed adoption of the Use of Proceeds Rules and the Guarantee Rules are subject to approval by way of ordinary resolutions by Shareholders at the EGM. The EGM and the Class Meetings are scheduled to be held on or about 21 December 2011.

The Circular containing, among other things, details of (i) the Proposed A Share Issue, (ii) the proposed amendments to the Articles of Association and (iii) the proposed amendments to the Independent Directors Rules and the Procedural Rules, (iv) the proposed adoption of the Use of Proceeds Rules and the Guarantee Rules together with the notices of the EGM and the Class Meetings will be despatched to Shareholders as soon as practicable.

**There is no assurance that the Proposed A Share Issue may proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares. Further details about the Proposed A Share Issue will be disclosed by the Company in the PRC when the Proposed A Share Issue materialises and appropriate disclosure will be made by the Company in Hong Kong concurrently in accordance with the Listing Rules.**

## **RESUMPTION OF TRADING**

Reference is made to the Company's announcement dated 26 September 2011. We have noted the decrease in the share price of the Company on 26 September 2011 and wish to state that except for the recent decrease in gold price and the Proposed A Share Issue, we are not aware of any other reasons for such decrease.

Save for the aforesaid, the Board confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Listing Rules, neither is the Board aware of any other matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

At the request of the Company, trading in the H Shares of the Company was suspended with effect from 1:30 p.m. on 26 September 2011 pending the release of this announcement. An application has been made by the Company for resumption of trading in the H Shares of the Company from 9:00 a.m. on 3 October 2011.

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

## **DEFINITIONS**

The following words and phrases used in this announcement have the same meaning assigned:

"A Share(s)"	ordinary domestic shares of the Company, with a nominal value of RMB0.20 each which are to be listed on the Shanghai Stock Exchange
"Article of Association"	the articles of association of the Company
"Board"	the board of directors of the Company
"Company"	靈寶黃金股份有限公司 (Lingbao Gold Company Ltd.), a joint stock limited company established in the PRC on 27 September 2002, the H Shares of which are listed on the Main Board of the Stock Exchange
"Circular"	the circular to be despatched to the Shareholders in relation to (i) the Proposed A Share Issue, (ii) the proposed amendments to the Articles of

	Association, (iii) the proposed amendments to the Independent Directors Rules and the Procedural Rules, (iv) the proposed adoption of the Use of Proceeds Rules and the Guarantee Rules together with the notices of the EGM and Class Meetings to approve the relevant resolutions
"Class Meetings"	the meetings of the Company for each class of the holders of the H Shares and Domestic Shares to be convened and held on or about 21 December 2011 to consider and approve the Proposed A Share Issue.
"CSRC"	中國證券監督管理委員會(China Securities Regulatory Commission)
"Director(s)"	the director(s) of the Company
"Domestic Share(s)"	ordinary domestic shares of the Company, with a nominal value of RMB0.20 each
"EGM"	the meeting of holders of the ordinary shares of the Company to be convened and held on or about 21 December 2011 to consider and approve (i) the Proposed A Share Issue, (ii) the proposed amendments to the Articles of Association and (iii) the proposed amendments to the Independent Directors Rules and the Procedural Rules, (iv) the proposed adoption of the Use of Proceeds Rules and the Guarantee Rules
"Group"	the Company and its subsidiaries
"Guarantee Rules"	the rules governing the Company's external guarantee activities
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"H Share(s)"	the overseas listed foreign shares of the Company, listed in the Stock Exchange subscribed for and traded in HK\$, with a nominee value of RMB0.20 each
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Directors Rules"	the rules governing the appointment, election, power, duties and responsibilities of the independent Directors
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau Special Administrative Region and Taiwan
"Procedural Rules"	collectively, (i) the Rules and Procedures of the Board, (ii) the Rules and Procedures of Shareholders General Meetings and (iii) the Rules and Procedures of the Supervisory Committee
"Proposed A Share Issue"	the proposed share issue of up to 300,000,000 A Shares of RMB 0.20 each to the PRC public, strategic investors and institutional investors, and the proposed listing of the A shares on the Shanghai Stock Exchange
"Relevant Authorities"	CSRC and such other regulatory authorities having power to regulate, among other things, the Proposed A Share Issue, and amendments of the Articles of Association

"RMB"	Renminbi, the lawful currency of the PRC
"Rules and Procedures of the Board"	the rules governing the function, operations and procedures for the meetings of the Board
"Rules and Procedures of Shareholders General Meetings"	the rules governing the function, operations and procedures for the meetings of the shareholders of the Company
"Rules and Procedures the Supervisory Committee"	the rules governing the function, operations and procedures for the meetings of the Supervisory Committee
"Shanghai Stock Exchange"	Shanghai Stock Exchange, a stock exchange located in Shanghai, the PRC, which is a membership institution directly governed by the CSRC
"Share(s)"	the Domestic Shares and H Shares
"Shareholder(s)"	holders of the Domestic shares and H Shares
"Stock Exchange"	The Stock Exchange of the Hong Kong Limited
"Supervisory Committee"	the supervisory committee of the Company
"Trading Day"	a day on which the Stock Exchange is open for trading
"Use of Proceeds Rules"	the rules governing the use of proceeds under the Proposed A Share Issue
"% "	per cent

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

Henan Province, the PRC, 30 September 2011

*As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Xu Gaoming, Mr. Jin Guangcai, Mr. Liu Pengfei, Mr. Zhang Guo and Mr. He Chengqun; one non-executive Director, namely Mr. Wang Yumin; and four independent non-executive Directors, namely Mr. Niu Zhongjie, Mr. Wang Han, Mr. Yan Wanpeng and Ms. Du Liping.*