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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)

(Stock code: 3330)

**MAJOR TRANSACTION
SALE AND LEASEBACK ARRANGEMENT**

THE SALE AND LEASEBACK ARRANGEMENT

The Board is pleased to announce that on 16 September 2015 (after trading hours), the Company, Lingbao Wason and Ding Tai have entered into a Sale and Leaseback Arrangement which comprises (i) a Sale and Purchase Agreement, (ii) a Finance Lease Agreement and (iii) a Guarantee Agreement.

- (i) The Sale and Purchase Agreement was entered into between Lingbao Wason and Ding Tai to transfer the ownership of the Machinery and Equipment for a consideration of RMB400,000,000.
- (ii) The Finance Lease Agreement was entered into between Lingbao Wason and Ding Tai, pursuant to which Lingbao Wason will lease back the Machinery and Equipment for a lease payment that is adjustable in accordance to the lending interest rate published by the People's Bank of China. The lease payment is used to repay principal of the RMB400,000,000 and the interest incurred thereon. The duration of the lease is 7 years.
- (iii) The Company entered into a Guarantee Agreement with Ding Tai, pursuant to which the Company agrees (a) to provide a guarantee to Ding Tai and (b) to charge its shares in Lingbao Wason in favour of Ding Tai or any third party that is designated by Ding Tai for the performance of Lingbao Wason in respect of the Finance Lease Agreement.

LISTING RULES IMPLICATION

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Sale and Leaseback Arrangement is more than 25% but less than 75%, the Sale and Leaseback Arrangement constitutes a major transaction of the Company and is therefore subject to the notification, announcement, circular and shareholders' approval at general meeting requirements under Chapter 14 of the Listing Rules. To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Ding Tai and its ultimate beneficial owners are Independent Third Parties. Therefore, no shareholders is required to abstain from voting at the EGM.

A circular containing, among other things, further particulars of the Sale and Purchase Agreement, the Finance Lease Agreement and the Guarantee Agreement as well as a notice convening the EGM will be despatched to the Shareholders on or before 9 October 2015.

The Board is pleased to announce that on 16 September 2015 (after trading hours), the Company, Lingbao Wason and Ding Tai have entered into a Sale and Leaseback Arrangement which comprises (i) a Sale and Purchase Agreement, (ii) a Finance Lease Agreement and (iii) a Guarantee Agreement

The principal terms of the Sale and Purchase Agreement, the Finance Lease Agreement, and the Guarantee Agreement are set out below.

(I) SALE AND PURCHASE AGREEMENT

Date

16 September 2015

Parties

Purchaser: Ding Tai

Vendor: Lingbao Wason

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Ding Tai and its ultimate beneficial owners are Independent Third Parties.

Pursuant to the Sale and Purchase Agreement, Lingbao Wason agrees to sell and Ding Tai agrees to purchase the Machinery and Equipment from Lingbao Wason for a consideration of RMB400,000,000, which shall be paid in full by Ding Tai to Lingbao Wason in cash within three (3) days upon satisfaction of all the necessary conditions (e.g., evidence of ownership, title of the Machinery and Equipment, signing of the Finance Lease Agreement and the Guarantee Agreement etc).

Conditions Precedent

The obligations of the parties to Sale and Purchase Agreement shall be conditional upon:

- (a) the passing of the necessary resolution(s) by the Shareholders at the EGM to approve the entering into the Sale and Leaseback Arrangement by the Company and the transactions contemplated thereunder; and
- (b) all necessary approvals required under the laws, rules and regulations in Hong Kong and/or elsewhere, including but not limited to the requirements under the Listing Rules and/or the approvals from the relevant governmental authorities required for the Sale and Leaseback Arrangement and the transaction contemplated thereunder.

(II) FINANCE LEASE AGREEMENT

Date

16 September 2015

Parties

Lessor: Ding Tai

Lessee: Lingbao Wason

Objective

The purpose of the Finance Lease Agreement is to provide financial resources to the Group.

Subject matter

The subject matter of the Finance Lease Agreement is the Machinery and Equipment. Pursuant to the Finance Lease Agreement, Lingbao Wason agrees to transfer the ownership and all other rights of the Machinery and Equipment to Ding Tai. The Machinery and Equipment is then leased back to Lingbao Wason for a period of 7 years.

Sale and Purchase Agreement

Under the Finance Lease Agreement, Lingbao Wason and Ding Tai are required to enter into the Sale and Purchase Agreement whereby Lingbao Wason agrees to sell and Ding Tai agrees to purchase the Machinery and Equipment.

Leaseback Arrangement

Under the Finance Lease Agreement, the Machinery and Equipment is then leased back to Lingbao Wason for a period of 7 years. The details of the lease payments is set out below under the paragraph headed “Consideration — Principal and Lease Payments”.

Use of the Machinery and Equipment

During the term of the lease, Lingbao Wason has the right to use the Machinery and Equipment. However, Lingbao Wason cannot, without the written consent of Ding Tai, do any of the following:

- (1) to transfer it or to part it as an investment to any third parties or to do anything that will damage the Machinery and Equipment;
- (2) to treat the Machinery and Equipment as part of its own assets which will incur any civil liability or to include it in Lingbao Wason's estate when Lingbao Wason becomes insolvent;
- (3) to use it for any illegal purposes; and
- (4) to alter the appearance, the quality and the function of the Machinery and Equipment;

Responsibility of the Lingbao Wason in respect of the Machinery and Equipment

Lingbao Wason is solely responsible for the maintenance of the Machinery and Equipment. During the term of the lease, where the Machinery and Equipment is damaged or requires servicing, Lingbao Wason shall take immediate action and repair it within a reasonable time.

Any cost that is incurred in relation to the maintenance of the Machinery and Equipment shall be solely borne by Lingbao Wason.

Return of the Machinery and Equipment

Upon expiry of the Finance Lease Agreement, if all the lease payments and the outstanding interest (if any) payable under the Finance Lease Agreement are settled by Lingbao Wason, the ownership of the Machinery and Equipment shall be vested in Lingbao Wason automatically.

Conditions Precedent

The conditions precedent above under the Sale and Purchase Agreement is also applicable to the Finance Lease Agreement.

Consideration – Principal and Lease Payments

Principal

Pursuant to the Finance Lease Agreement, the principal amount for the Machinery and Equipment shall be RMB400,000,000.

Lease payments

After the transfer of the ownership of the Machinery and Equipment pursuant to the Sale and Purchase Agreement, the Machinery and Equipment is leased back to Lingbao Wason. Lingbao Wason will repay the principal amount together with interest by making a lease payment to Ding Tai every six months for a period of 7 years.

The interest is determined by a floating interest rate per annum. Specifically, the interest rate is calculated by multiplying the lending interest rate published by the People's Bank of China by 1.05. The interest rate is fixed for the first year but, thereafter, it will be reviewed at the end of each quarter with reference to the lending interest rate published by the People's Bank of China.

The lease payments was determined after arm's length negotiations between the parties to the Finance Lease Agreement by reference to the principal amount of the Machinery and Equipment and the common market practice in finance leases of machinery and equipment.

(III) GUARANTEE AGREEMENT

Date

16 September 2015

Parties

Obligee: Ding Tai

Guarantor: the Company

The Company entered the Guarantee Agreement with Ding Tai to provide a guarantee for the performance of Lingbao Wason in respect of the Finance Lease Agreement.

In addition, the Company will enter into share charge whereby the Company will charge its shares in Lingbao Wason in favour of Ding Tai or any third party that is designated by Ding Tai.

Scope of the Guarantee

The scope of the guarantee includes the principal amount of the Machinery and Equipment (ie., RMB400,000,000), the interest, service charge, interest for delay in payment, damages and any reasonable cost that Ding Tai incurs for enforcing the Finance Lease Agreement. Under the Guarantee Agreement, where Lingbao Wason fails to perform any of its obligation under the Finance Lease Agreement, Ding Tai can enforce the guarantee directly against the Company.

Duration

The length of the Guarantee Agreement is two years after expiry of the Finance Lease Agreement.

Conditions Precedent

The conditions precedent above under the Sale and Purchase Agreement is also applicable to the Guarantee Agreement.

INFORMATION ON THE GROUP

The Group is an integrated gold mining enterprise in the PRC, and is mainly engaged in gold mining, smelting, refining and copper processing.

INFORMATION ON DING TAI

Ding Tai is a company incorporated in the PRC and is a company principally engaged in the business of financial leasing.

REASONS FOR AND BENEFITS OF THE SALE AND LEASEBACK ARRANGEMENT

The Directors are of the view that the entering into the Sale and Leaseback Arrangement will benefit the Group. The Sale and Leaseback Arrangement will provide the Group with additional working capital. The Group intends to use this additional working capital to repay the Company's existing short term bank loans. The Directors believe that the terms of the Sale and Leaseback Arrangement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Sale and Leaseback Arrangement is more than 25% but less than 75%, the Sale and Leaseback Arrangement constitutes a major transaction of the Company and is therefore subject to the notification, announcement, circular and shareholders' approval at general meeting requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Ding Tai and its ultimate beneficial owners are Independent Third Parties. Therefore, no shareholders is required to abstain from voting at the EGM.

A circular containing, among other things, further particulars of the Finance Lease Agreement, the Sale and Purchase Agreement and the Guarantee Agreement as well as a notice convening the EGM will be despatched to the Shareholders on or before 9 October 2015.

DEFINITIONS

“Board”	the board of Directors;
“Company”	Lingbao Gold Company Ltd, a company incorporated in the PRC, the shares of which are listed on the Stock Exchange;
“Ding Tai”	鼎泰融資租賃有限公司 (Ding Tai Financial Leasing Co., Ltd*), a company established in the PRC with limited liability and is an Independent Third Party;
“Director(s)”	directors of the Company;
“EGM”	extraordinary general meeting of the Company;
“Finance Lease Agreement”	the finance lease agreement entered into between Lingbao Wason and Ding Tai on 16 September 2015;
“Group”	the Company and its subsidiaries;
“Guarantee Agreement”	the guarantee agreement entered into between the Company and Ding Tai on 16 September 2015;
“Hong Kong”	the Hong Kong Special Administration Region of the PRC;
“Independent Third Party”	a party that is not connected with (within the meaning of the Listing Rules) any director, chief executive or substantial shareholder of the Company or any of its respective subsidiaries or an associate of any of them;
“Lingbao Wason”	靈寶華鑫銅箔有限責任公司(Lingbao Wason Copper-Foil Company Ltd*), a company established in the PRC with limited liability and is a wholly owned subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Machinery and Equipment”	certain machinery and equipment, the ownership of which belongs to Lingbao Wason;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;

“Sale and Leaseback Arrangement”	the sale and leaseback arrangement entered into between the Company, Lingbao Wason and Ding Tai on 16 September 2015 which comprises (i) the Sale and Purchase Agreement, (ii) the Finance Lease Agreement and (iii) the Guarantee Agreement;
“Sale and Purchase Agreement”	the sale and purchase agreement entered into between Lingbao Wason and Ding Tai on 16 September 2015;
“Shareholders”	Shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By order of the Board
Jin Guangcai
Chairman

Lingbao City, Henan Province, the PRC
17 September 2015

As at the date of this announcement, the Board comprises six executive Directors, namely Mr. Jin Guangcai, Mr. Qiang Shanfeng, Mr. Ji Wanxin, Mr. Xing Jiangze, Mr. Zhang Guo, and Mr. Zhou Yudao; one non-executive Director, namely Mr. Shi Yuchen; and four independent non-executive Directors, namely, Mr. Yang Dongsheng, Mr. Xu Qiangsheng, Mr. Han Qinchun and Mr. Wang Jiheng.

* *for identification purposes only*