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*Unless otherwise defined herein, terms in this announcement shall have the same meanings as those defined in the prospectus dated 30 December 2005 (the "Prospectus") issued by Lingbao Gold Company Ltd. (the "Company").*

*In connection with the Global Offering, BOCI Asia Limited (the "Stabilising Manager"), and/or its affiliates and agents on behalf of the Underwriters, may effect any other transactions with a view to supporting the market price of the H Shares at a level higher than that which might otherwise prevail for a limited period after the commencement of trading in the H Shares. Any stabilising activity will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilising) Rules made under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). However there is no obligation on the Stabilising Manager to conduct any such stabilising activity, which if commenced, may be discontinued at any time. Any such stabilising activity will commence on the Listing Date and will end on the 30th day after the last day for lodging applications under the Public Offer (which is expected to be Saturday, 4 February 2006). The details of the intended stabilisation and how it will be regulated under the Securities and Futures Ordinance are contained in the Prospectus.*



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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)**

**ANNOUNCEMENT**  
**EXERCISE OF OVER-ALLOTMENT OPTION**

- The Company announces that the Over-allotment Option referred to in the Prospectus was exercised in full by the Global Coordinator on behalf of the International Placing Underwriters on 16 January 2006 in respect of 35,249,091 additional H Shares to be allotted and issued by the Company and 3,524,909 additional H Shares to be converted from Domestic Shares and sold by the Selling Shareholders (together, the "Over-allotment Shares"), in aggregate representing approximately 15% of the H Shares initially offered under the Global Offering. The Over-allotment Shares will be sold or issued, at HK\$3.33 per H Share (exclusive of brokerage, underwriting commissions, SFC transaction levy and Stock Exchange trading fee), being the Offer Price under the Global Offering, solely to cover over-allocations in the International Placing.
- The Company will receive additional net proceeds (after deducting commission and expenses attributable to the exercise of the Over-allotment Option) of approximately HK\$113.3 million from the issue and allotment of the relevant Over-allotment Shares.
- The Company will not receive any proceeds from the sale of H Shares by the Selling Shareholders under the Global Offering (including the sale of such H Shares in connection with the exercise of the Over-allotment Option).

The Company announces that the Over-allotment Option referred to in the Prospectus was exercised in full by the Global Coordinator on behalf of the International Placing Underwriters on 16 January 2006 in respect of 35,249,091 additional H Shares to be allotted and issued by the Company and 3,524,909 additional H Shares to be converted from Domestic Shares and sold by the Selling Shareholders (together, the “Over-allotment Shares”) (in aggregate representing approximately 15% of the H Shares initially offered under the Global Offering) at HK\$3.33 per H Share (exclusive of brokerage, underwriting commissions, SFC transaction levy and Stock Exchange trading fee), being the Offer Price under the Global Offering. The Over-allotment Shares will be sold or issued solely to cover over-allocations in the International Placing.

The shareholding structure of the Company immediately before and after the issue and allotment by the Company and sale by the Selling Shareholders of the 38,774,000 Over-allotment Shares are respectively as follows:

Shareholders	Before the issue and allotment by the Company and sale by the Selling Shareholders of the Over-allotment Shares		After the issue and allotment by the Company and sale by the Selling Shareholders of the Over-allotment Shares	
	Number of Domestic/H Shares	Approximate percentage of issued share capital	Number of Domestic/H Shares	Approximate percentage of issued share capital
Lingbao State-owned Assets	376,926,557 Domestic Shares	51.28%	373,840,620 Domestic Shares	48.54%
Sanmenxia Jinqu	37,998,935 Domestic Shares	5.17%	37,698,784 Domestic Shares	4.89%
Lingbao Electric	17,574,508 Domestic Shares	2.39%	17,435,687 Domestic Shares	2.26%
Henan Xuanrui	18,000,000 Domestic Shares	2.45%	18,000,000 Domestic Shares	2.34%
Lingbao Jinxiang Motors	13,750,000 Domestic Shares	1.87%	13,750,000 Domestic Shares	1.79%
Lingbao Guoshi Mining	12,250,000 Domestic Shares	1.67%	12,250,000 Domestic Shares	1.59%
H Share public shareholders	258,500,000 H Shares	35.17%	297,274,000 H Shares (Note)	38.59%
Total number of Shares	735,000,000	100%	770,249,091	100%

*Note:* These comprise 35,249,091 additional H Shares to be allotted and issued by the Company and 3,524,909 additional H Shares to be sold by the Selling Shareholders pursuant to the exercise of the Over-allotment Option.

The Over-allotment Shares represent approximately 5.28% of the existing issued share capital of the Company and approximately 5.03% of the issued share capital of the Company as enlarged by the issue and sale of the Over-allotment Shares. After the issue and sale of the Over-allotment Shares, approximately 38.59% of the issued share capital of the Company will be held in the hands of the public.

The listing of and permission to deal in the Over-allotment Shares have already been granted by the Stock Exchange.

The Company will receive additional net proceeds (after deducting commission and expenses attributable to the exercise of the Over-allotment Option) of approximately HK\$113.3 million from the issue and allotment of the relevant Over-allotment Shares. The additional net proceeds raised by the issue and allotment of the relevant Over-allotment Shares by the Company will be applied to fund the Company's capital expenditure program as described in the Prospectus. In particular, approximately HK\$77,700,000 (being approximately 68% of such additional net proceeds) will be used for focused exploration and development of our mining activities; approximately HK\$17,700,000 (being approximately 16% of such additional net proceeds) will be used for acquisitions of additional mines and mining rights and integration of mines in the Xiaoqinling region; approximately HK\$10,400,000 (being approximately 9% of such additional net proceeds) will be used for expansion of our smelting operation; and approximately HK\$7,500,000 (being approximately 7% of such remaining additional net proceeds) will be applied as the Company's general working capital.

The additional net proceeds raised by the sale of the relevant Over-allotment Shares by the Selling Shareholders will be remitted to the National Social Security Fund in accordance with the relevant PRC government requirements. The Company will not receive any proceeds from the sale of H Shares by the Selling Shareholders under the Global Offering (including the sale of such H Shares in connection with the exercise of the Over-allotment Option).

As at the date of this announcement, the directors of the Company are Xu Gaoming, Wang Jianguo, Lu Xiaozhao, Jin Guangcai, Xu Wanmin, Di Qinghua, Qi Guozhong, Ning Jincheng, Wang Yanwu, Niu Zhongjie and Zheng Jinqiao.

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

Hong Kong, 16 January 2006