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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)**

## **LETTER OF INTENT AND SUPPLEMENTAL LETTERS OF INTENT**

On 15 September 2006, 16 October 2006, 27 November 2006 and 19 April 2007, the Company entered into the Letter of Intent and Supplemental Letters of Intent with Beijing Jiuyi and Mr. Li, respectively, pursuant to which the Company was granted an option to acquire certain equity interests in Shaanxi Jiusheng, which option is valid until 30 June 2007. Pursuant to the Letter of Intent and the Supplemental Letters of Intent, the Company has made prepayments for the Shaanxi Jiusheng Acquisition in the amount of RMB355,800,000.

Shaanxi Jiusheng is principally engaged in (i) investment in mining industry, mining business development and management; (ii) sourcing and selling of mining products; and (iii) sales and maintenance of mining equipment and constructions of mining projects.

The Shaanxi Jiusheng Acquisition is still subject to the entering into a formal binding acquisition agreement by the Company and, if materialized, may constitute a notifiable transaction under Chapter 14 of the Listing Rules. In the event that the Company enters into formal binding acquisition agreement for the Shaanxi Jiusheng Acquisition, the Company will comply with all the applicable requirements under Chapter 14 of the Listing Rules when necessary.

The board of directors (the "Board") of Lingbao Gold Company Ltd. (the "Company") is pleased to announce that the Company has entered into the Letter of Intent and the Supplemental Letters of Intent, pursuant to which the Company has been granted an option to acquire certain equity interests in Shaanxi Jiusheng subject to the entering into a formal binding acquisition agreement.

## **THE LETTER OF INTENT AND SUPPLEMENTAL LETTERS OF INTENT**

On 15 September 2006, 16 October 2006, 27 November 2006 and 19 April 2007, the Company entered into the Letter of Intent and the Supplemental Letters of Intent with Beijing Jiuyi and Mr. Li, respectively, pursuant to which the Company was granted an option to acquire certain equity interests in Shaanxi Jiusheng, which option would be valid until 30 June 2007. Pursuant to the Letter of Intent and the Supplemental Letters of Intent, the Company has made prepayments for the Shaanxi Jiusheng Acquisition in the aggregate amount of RMB355,800,000 ("Prepayment"). The purpose of the Prepayment was to secure the parties' rights and obligations under the Letter of Intent and the Supplemental Letters of Intent and to exclude any possible competition in bidding for the equity interests in Shaanxi Jiusheng in the future. The Prepayment does not represent the value of the equity interest in Shaanxi Jiusheng to be acquired by the Company.

The Prepayment referred to in the preceding paragraph has been satisfied in cash from the Group's internal resources.

Pursuant to the Supplemental Letter of Intent dated 19 April 2007, the terms of the Letter of Intent and the Supplemental Letters of Intent dated 16 October 2006 and 27 November 2006 shall be superseded by the Supplemental Letter of Intent dated 19 April 2007. As the Company was only granted an option to acquire certain equity interests in Shaanxi Jiusheng under the Letter of Intent and the Supplemental Letters of Intent, the Company is not under any obligation to enter into any definitive agreement and has not made any legally binding capital commitment under the Letter of Intent and the Supplemental Letters of Intent.

The parties will enter into definitive agreements in future to effect the transactions contemplated under the Letter of Intent and the Supplemental Letters of Intent. The exact percentage of the equity interests in Shaanxi Jiusheng to be acquired by the Company will be determined by the relevant parties based on arm's length negotiations after the valuation of Shaanxi Jiusheng has been completed by a qualified valuer jointly appointed by the parties. The consideration for the acquisition will be determined with reference to a valuation report to be issued by the qualified valuer which is independent of and not connected with the Company and the existing shareholders of Shaanxi Jiusheng. If the final consideration is less than the Prepayment, the excess amount should be refunded to the Company. If the parties cannot reach any definitive agreement by 30 June 2007, the Prepayment should be unconditionally returned to the Company.

In the event that the Shaanxi Jiusheng Acquisition materialized and the Company enters into a formal binding acquisition agreement for the Shaanxi Jiusheng Acquisition, the Company will comply with all the applicable requirements under Chapter 14 of the Listing Rules when necessary.

### **Information on Shaanxi Jiusheng**

Shaanxi Jiusheng is a company incorporated in the PRC on 14 August 2006. It is principally engaged in (i) investment in mining industry, mining business development and management; (ii) sourcing and selling of mining products; and (iii) sales and maintenance of mining equipment and constructions of mining projects. The registered capital of Shaanxi Jiusheng is RMB30,000,000. As of the date of this announcement, the shareholders of Shaanxi Jiusheng are Mr. Zhao Shoujin and Mr. Li, who hold a 66.67% and 33.33% equity interest in Shaanxi Jiusheng, respectively.

### **Information on Beijing Jiuyi**

Beijing Jiuyi is a company incorporated in the PRC on 5 September 2003. It is principally engaged in investment management, enterprise public image designing, movie and TV program planning, exhibition, technology development and technology transfer. The registered capital of Beijing Jiuyi is RMB10,000,000.

Beijing Jiuyi is an authorised agent of Shaanxi Jiusheng which deals with the acquisition and integration of the mining resources in Zhenan County, Shaanxi Province and the transfer of the equity interests in Shaanxi Jiusheng on behalf of Shaanxi Jiusheng.

The Directors are of the view that Shaanxi Jiusheng has good investment potentials given that they are located in the area of Shaanxi Province which boast rich gold resources. Although Shaanxi Jiusheng suffered a loss in financial year 2006 owing to its short history of operation, it is in the process of integrating the gold resources in Zhenan County of Shaanxi Province. Upon completion of the integration, Shaanxi Jiusheng will be in a competitive position in the market.

## DEFINITIONS

In this announcement, unless the context requires otherwise, the following expressions have the following meanings:

“Beijing Jiuyi”	北京久益投資有限公司 (Beijing Jiuyi Investment Company Limited), a limited liability company incorporated in the PRC with a registered capital of RMB10,000,000
“Company”	Lingbao Gold Company Ltd. (靈寶黃金股份有限公司), a joint stock limited company incorporated in the PRC with limited liability and the shares of which are listed on the main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	persons who are independent of and not connected with the Company and the connected persons of the Company
“Letter of Intent”	the Letter of Intent in relation to the acquisition and integration of gold resources in Zhenan County, Shaanxi Province and the transfer of equity interests in Shaanxi Jiusheng Mining Investment Management Company Limited dated 15 September 2006 entered into between the Company and Beijing Jiuyi
“Listing Rules”	Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (as amended from time to time)
“Mr. Li”	Mr. Li Fuyu, a shareholder of Shaanxi Jiusheng who holds a 33.33% equity interest in Shaanxi Jiusheng
“Shaanxi Jiusheng”	陝西久盛礦業投資管理有限公司 (Shaanxi Jiusheng Mining Investment Management Company Limited), a limited liability company incorporated in the PRC with a registered capital of RMB30,000,000 and which is beneficially owned as to 66.67% by Mr. Zhao Shoujin and 33.33% by Mr. Li
“Shaanxi Jiusheng Acquisition”	the proposed acquisition of certain equity interest in Shaanxi Jiusheng by the Company from Mr. Zhao Shoujin and Mr. Li
“Shaanxi Jiusheng Vendors”	Mr. Zhao Shoujin and Mr. Li, shareholders of Shaanxi Jiusheng who hold a 66.67% and a 33.33% equity interest in Shaanxi Jiusheng respectively who are Independent Third Parties
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental Letter(s) of Intent” include (i) a Supplemental Letter of Intent dated 16 October 2006 entered into between the Company and Mr. Li; (ii) a Supplemental Letter of Intent dated 27 November 2006 entered into between the Company and Beijing Jiuyi; and (iii) a Supplemental Letter of Intent dated 19 April 2007 entered into between the Company and Beijing Jiuyi

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

Henan, the PRC, 19 April 2007

*As at the date of this announcement, the Board comprises four executive directors, namely Mr. Xu Gaoming, Mr. Wang Jianguo, Mr. Lu Xiaozhao and Mr. Jin Guangcai; three non-executive directors, namely Mr. Xu Wanmin, Mr. Di Qinghua and Mr. Qi Guozhong; and four independent non-executive directors, namely Mr. Ning Jincheng, Mr. Wang Yanwu, Mr. Niu Zhongjie and Mr. Zheng Jinqiao.*