
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Lingbao Gold Company Ltd.**, you should at once hand this circular and the accompanying form of proxy and the reply slip to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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LINGJIN

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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)

**PROPOSED CHANGE OF APPLICATION OF PROCEEDS
FROM THE GLOBAL OFFERING OF LINGBAO GOLD COMPANY LTD.**

A notice convening the extraordinary general meeting of Lingbao Gold Company Ltd. to be held at 2nd floor of the registered office of the Company at Xin Village, Yin Zhuang Town, Daonan Industrial Area, Lingbao, Henan, the PRC on Tuesday, 27 March 2007 at 10:00 a.m. is set out on pages 5 to 6 of this circular. A reply slip and a form of proxy are also enclosed. Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon. In order to be valid, the proxy form must be deposited by hand and by post, for holders of H Shares of the Company, to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong and, for holders of domestic shares of the Company, to the registered address of the Company not less than 24 hours before the time for holding the meeting or not less than 24 hours before the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the EGM if you so wish.

5 February 2007

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DEFINITIONS

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

“Articles”	the articles of association of the Company
“Board”	the board of Directors
“Company”	Lingbao Gold Company Ltd. (靈寶黃金股份有限公司), a company incorporated in the PRC and the foreign shares of which are listed on the Hong Kong Stock Exchange
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be held on Tuesday, 27 March 2007
“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB0.20 each, which are listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Listing”	The listing of the Company’s H shares on the Main Board of the Stock Exchange, which commenced on 12 January 2006
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, the Hong Kong Special Administrative Region, the Macau Special Administrative Region, and Taiwan
“Prospectus”	The prospectus of the Company dated 30 December 2005
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

LETTER FROM THE BOARD



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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)

Executive Directors:

Mr. Xu Gaoming
Mr. Wang Jianguo
Mr. Lu Xiaozhao
Mr. Jin Guangcai

Non-executive Directors:

Mr. Xu Wanmin
Mr. Qi Guozhong
Mr. Di Qinghua

Independent non-executive Directors:

Mr. Ning Jincheng
Mr. Wang Yanwu
Mr. Niu Zhongjie
Mr. Zheng Jinqiao

Registered office:

Xin Village
Yinzhuang Town
Daonan Industrial Area
Lingbao
Henan
The PRC

*Principal place of business
in Hong Kong:*

Room 1902
MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

5 February 2007

To the Shareholders

Dear Sir or Madam,

PROPOSED CHANGE OF APPLICATION OF PROCEEDS FROM THE GLOBAL OFFERING OF LINGBAO GOLD COMPANY LTD.

A. INTRODUCTION

The Company announced on 29 January 2007 that the Board proposes to change the Company's original plan to use the Listing proceeds. The proposed change is subject to approvals of Shareholders to be sought at the EGM.

The purpose of this circular is to give you details of, among other things, the proposed change in the Listing proceeds.

LETTER FROM THE BOARD

B. PROPOSED CHANGE IN USE OF THE LISTING PROCEEDS

Reference is made to the section headed “USE OF PROCEEDS” appearing on pages 167 and 168 of the Prospectus. The Board proposes to change the Company’s original plan to apply approximately HK\$270,000,000 out of its Listing proceeds (after taking into account the relevant portion of the additional proceeds as a result of the exercise of the over-allotment option as announced by the Company on 16 January 2006) to the Company’s focused exploration works at Qiangma Gold Mine and Yinxin Gold Mine situated on the southern side of Xiaoqinling region.

The future funding requirement of the focused exploration works at Qiangma Gold Mine and Yinxin Gold Mine situated on the southern side of Xiaoqinling region will need to be satisfied in various stages. If such funding requirement continues to be satisfied by the Listing proceeds, the separate tranches of currency exchange may create potential risk in foreign exchange lost to the Company due to the potential fluctuation in the value of RMB and also the efficiency of fund allocation will be relatively low. Moreover, the Company expects that its internal resources will be able to satisfy the future funding requirement of such focused exploration works which will only be required at various stages. The Company therefore intends to allocate HK\$220,000,000 of such part of the Listing proceeds for investment in gold companies or resources and use its internal resources to satisfy the funding requirement for its focused exploration works on the southern side of Xiaoqinling region.

The above change in the use of Listing proceeds is subject to Shareholders’ approval at the EGM.

C. THE EGM

A notice convening the EGM to be held at 2nd floor of the registered office of the Company at Xin Village, Yin Zhuang Town, Daonan Industrial Area, Lingbao, Henan, the PRC on Tuesday, 27 March 2007 at 10:00 a.m. is set out on pages 5 to 6 of this circular.

A reply slip and a form of proxy are also enclosed.

Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon. In order to be valid, the proxy form must be deposited by hand or post, for holders of H Shares of the Company, to the H shares registrar of the Company, Computershare Hong Kong Investor Services Limited, Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong and, for holders of domestic shares of the Company, to the registered address of the Company not less than 24 hours before the time for holding the EGM or not less than 24 hours before the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude you from subsequently attending and voting at the EGM.

LETTER FROM THE BOARD

If you are intended to attend the EGM in person or by proxy, you are requested to complete the accompanying reply slip. In order to be valid, the completed and signed reply slip shall be delivered to the H shares registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or to the Company's registered office address at Xin Village, Yinzhuang Town, Daonan Industrial Area, Lingbao, Henan, the PRC (for holders of domestic shares) on or before Tuesday, 6 March 2007. This reply slip may be delivered to Computershare Hong Kong Investor Services Limited or the Company by hand or by post.

D. PROCEDURE FOR DEMANDING A POLL

Pursuant to Article 84 of the articles of association of the Company, a resolution put to the vote of the meeting shall be decided on a show of hands unless (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded by:

- (i) the chairman of the meeting;
- (ii) at least two Shareholders present in person or by proxy for the time being entitled to vote at the meeting; or
- (iii) any Shareholder or Shareholders present in person or by proxy and representing one-tenth or more of the total voting rights of all Shareholders having the right to vote at the meeting.

Unless a poll is duly demanded and the demand is not withdrawn, a declaration by the chairman that a resolution has been passed and an entry to that effect made in the minute book of the Company, shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded for or against the resolution.

E. RECOMMENDATION

The Directors consider that the proposed change in the use of Listing proceeds are in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the resolution which will be proposed at the EGM.

Yours faithfully,
For and on behalf of the Board of Directors
Lingbao Gold Company Ltd.
Xu Gaoming
Chairman

NOTICE OF EXTRAORDINARY GENERAL MEETING



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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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (“EGM”) of Lingbao Gold Company Ltd. (“Company”) will be held at 2nd floor of the registered office of the Company at Xin Village, Yin Zhuang Town, Daonan Industrial Area, Lingbao, Henan, the People’s Republic of China (“PRC”) on Tuesday, 27 March 2007 at 10:00 a.m. to consider and approve the change in the use of listing proceeds as described in the circular to shareholders issued by the Company on 5 February 2007.

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

Henan, the PRC, 5 February 2007

Notes:

1. The register of members of the Company will be closed from 25 February 2007 to 26 March 2007 (both days inclusive), during which period no transfer of shares can be registered. In order to qualify for attending the EGM, 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 Shops 1712-1716, 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 (for holders of domestic shares), no later than 4:30 p.m. on 23 February 2007.
2. Holders of domestic shares and H shares whose names appear on the H share register of members of the Company at the close of business on 26 February 2007 are entitled to attend and vote at the EGM and may appoint one or more proxies to attend and, in the event of a poll, vote on their behalves. A proxy need not be a member of the Company.
3. In order to be valid, the proxy form must be deposited by hand or post, for holders of H shares of the Company, to the H shares registrar of the Company, Computershare Hong Kong Investor Services Limited, Rooms 1806-1807, 18th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong and, for holders of domestic shares of the Company, to the registered address of the Company not less than 24 hours before the time for holding the meeting or not less than 24 hours before the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form.
4. Shareholders or their proxies shall produce their identity documents when attending the meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

5. Shareholder who intends to attend the EGM should complete and return the reply slip and return it by hand or by post to the share registrar of the Company (for holders of H shares) or to the registered office address of the Company (for holders of domestic shares) on or before Tuesday, 6 March 2007.
6. The registered office address of the Company is as follows:

Xin Village
Yin Zhuang Town
Daonan Industrial Area
Lingbao
Henan
The People's Republic of China
Tel: 86 398 8862220
Fax: 86 398 8860166
7. The EGM is expected to be held for less than half a day. Shareholders who attend the meeting shall bear their own travelling and accommodation expenses.
8. The Board confirms that there is no other matter which should be brought to the attention of the shareholders.
9. As at the date of this notice, the Board comprises four executive Directors, namely Xu Gaoming, Wang Jianguo, Lu Xiaozhao and Jin Guangcai; three non-executive Directors, namely Xu Wanmin, Di Qinghua and Qi Guozhong; and four independent non-executive Directors, namely Ning Jincheng, Wang Yanwu, Niu Zhongjie and Zheng Jinqiao.