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Lingbao Gold Group Company Ltd.
靈寶黃金集團股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 3330)

**ISSUANCE OF NEW DOMESTIC SHARES UNDER
GENERAL MANDATE**

The Board is pleased to announce that on 4 January 2018, the Company entered into the Subscription Agreement with 9 Subscribers respectively pursuant to which the Company has agreed to allot and issue an aggregate of 94,000,000 Subscription Shares to Subscribers at a price of RMB0.912 per Subscription Share.

An aggregate of 94,000,000 Subscription Shares are to be allotted and issued to Subscribers representing (i) approximately 19.87% and 12.20% of the existing issued Domestic Shares and the existing issued share capital of the Company as at the date of this announcement respectively; and (ii) approximately 16.58% and 10.88% of the issued Domestic Shares and the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares respectively, assuming no further new Shares will be issued or repurchased before the completion of the Subscription.

The Subscription Price of RMB0.912 (equivalent to approximately HK\$1.096^(Note)) per Subscription Share represents (a) a discount of approximately 19.989% to the closing price of HK\$1.370 per H-Share as quoted on the Stock Exchange on the date of the Subscription Agreements; (b) a discount of 17.830% to the average closing price of HK\$1.334 per H-Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and (c) a discount of approximately 17.084% to the average closing price of approximately HK\$1.322 per H-Share for the last ten consecutive trading days up to and including the Last Trading Day.

To the best of the Directors' knowledge, information and belief, and after making all reasonable enquiries, the Subscribers are Independent Third Parties and are not connected persons of the Company as defined under the Listing Rules.

The Subscription Shares will be allotted and issued under the General Mandate and is conditional and subject to conditions as set out below under the heading "Conditions".

The net proceeds from the Subscription, after deducting relevant expenses, will be approximately RMB85.2 million (equivalent to approximately HK\$102.4 million^(Note)). The Company intends to use such net proceeds to repay the Company's existing short term bank loan.

Since the completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreements, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

On 4 January 2018, the Company entered into the Subscription Agreements with the Subscribers pursuant to which the Company has agreed to allot and issue an aggregate of 94,000,000 Subscription Shares to the Subscribers at a price of RMB0.912 (equivalent to approximately HK\$1.096^(Note)) per Subscription Share. Details of the terms of the Subscription Agreements are set out below.

THE SUBSCRIPTION AGREEMENTS

Date: 4 January 2018

Issuer: the Company

Subscriber: 9 Subscribers

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscribers are Independent Third Parties.

Number of Subscription Shares: The Subscription Shares to be allotted and issued to the Subscribers comprising an aggregate of 94,000,000 new Domestic Shares, represented (i) approximately 19.87% and 12.20% of the existing issued Domestic Shares and the existing issued share capital of the Company as at the date of this announcement respectively; and (ii) approximately 16.58% and 10.88% of the issued Domestic Shares and the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares respectively, assuming no further new Shares will be issued or repurchased before the completion of the Subscription.

The Subscription Shares are to be allotted and issued under the General Mandate and the issue of the Subscription Shares will not be subject to further Shareholders' approval. According to the General Mandate, the Directors are authorised to allot, issue and deal with each of the H-Shares and Domestic Shares with an aggregate nominal amount of up to but not exceeding 20% of the then aggregate nominal amount of H-Shares and Domestic Shares, respectively. As at the date of this announcement, no Shares have been allotted and issued pursuant to the General Mandate for Domestic Shares. The aggregate nominal value of the Subscription Shares will be RMB18,800,000 (equivalent to approximately HK\$22,596,154^(Note)). The Subscription Shares to be allotted and issued will utilize the General Mandate for Domestic Shares. The Company has not repurchased any Shares within the last 30 days prior to the date of this announcement.

Subscription Price:

The Subscription Price of RMB0.912 (equivalent to approximately HK\$1.096^(Note)) per Subscription Share was arrived at after arm's length negotiations between the Company and the Subscribers with reference to the prevailing market price of the H-Shares and represents:

- (a) A discount of approximately 19.989% to the closing price of HK\$1.370 per H-Share as quoted on the Stock Exchange on the date of the Subscription Agreements;
- (b) a discount of 17.830% to the average closing price of HK\$1.334 per H-Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (c) a discount of approximately 17.084% to the average closing price of approximately HK\$1.322 per H-Share for the last ten consecutive trading days up to and including the Last Trading Day.

Ranking of the Subscription Shares:

The Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the existing Domestic Shares and H-Shares in issue on the date of Subscription.

Conditions:

The completion obligation of each Party under the Subscription Agreements shall enter into force when the following conditions are satisfied or properly waived on or before the Long Stop Date:

- (i) The board of directors of the Company has approved the resolution on the issue of Subscription Shares and such resolution continues to be fully effective on Completion Date;
- (ii) The relevant authorities have not issued, promulgated or implemented any laws, regulations, rules, instructions, orders or notices that prohibit the Completion;

- (iii) In respect of the obligations of the Subscriber for the fulfilment of the Completion, all representations and warranties made by the Company under the Subscription Agreements shall be true and accurate in all material respects and continues to be true and accurate in all material respects until the Completion Date (as if made again on the Completion Date); and
- (iv) In respect of the obligations of the Company for the fulfilment of the Completion, all representations and warranties made by the Subscriber under the Subscription Agreements shall be true and accurate and accurate in all material respects and continues to be true and accurate in all material respects until the Completion Date (as if made again on the Completion Date).

If any of the conditions of the Subscription Agreement is not fulfilled or properly waived as of the Long Stop Date, each Party shall have the right to terminate the Subscription Agreement with immediate effect.

Upon the termination of the Subscription Agreement, each Party shall terminate its further rights and obligations under the Subscription Agreement at the same time, but the termination shall not affect the rights and obligations of any Party which have accrued the Subscription Agreement as of the date of the termination.

Completion:

The Completion shall take place where agreed by the Parties on the Completion Date.

The Parties agree that the Company shall issue a payment order to the Subscribers after the conditions in the Subscription Agreements have been satisfied or the Parties agree to waive the condition(s) properly in written form, and such payment order shall include the details of the designated beneficiary bank account (the “Company’s Account”). The Subscribers shall pay the full Subscription Price to the Company’s Account within ten (10) business days upon receipt of the payment order. If the Subscribers delay in the payment of the full or part of Subscription Price, liquidated damages shall be paid to the Company at amount of 0.5‰ of the delayed payment per day.

The Company shall appoint a Chinese certified public accountant to verify the aforesaid payment of the subscribers and issue a capital verification report (the “Capital Verification Report”) and shall make reasonable efforts to enable the certified public accountant to issue the Capital Verification Report as soon as possible.

Upon the issue of the Capital Verification Report, the Company shall submit to the China Securities Depository and Clearing Corporation Limited a written application for registration of the Subscribers as the holders of the newly-issued domestic shares as soon as possible. The Subscribers may exercise its rights as shareholders of the newly issued domestic shares upon completion of the aforesaid registration.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

During the past 12 months immediately preceding the date of this announcement, the Company has conducted the following equity fund raising activity:

Date of announcement	Event	Net proceeds	Intended use of proceeds	Actual use of proceeds
8 November 2017	Issue of H- Share Convertible Bond	HK\$76 million	general working capital of the Group and for future investment in the mining business in the PRC	the issue of H- Share Convertible Bond has not completed

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best knowledge of the Directors, the shareholding structure of the Company as at the date of this announcement immediately after the completion of the Subscription (assuming that no other Shares will be issued and none of the H-Share Convertible Bond is converted), and immediately after the completion of the Subscription and conversion in full of the H-Share Convertible Bond (assuming that no other Shares will be issued) is as follows:

Type of Shares	As at the date of this announcement		Upon completion of the Subscription of the Domestic Shares (assuming that no other Shares will be issued and none of the H-Share Convertible Bond is converted)		Upon Completion of the Subscription of Domestic Shares and full conversion of the Convertible Bond (assuming that no other Shares will be issued)		
	Number of Shares	Approximate	Number of Shares	Approximate	Number of Shares	Approximate	
		% of shareholding		% of shareholding		% of shareholding	
D&R Asset Management Group Company Limited	Domestic Share	185,339,000	24.06	185,339,000	21.44	185,339,000	20.07
Lingbao State-owned Assets Operation Limited Liability Company (靈寶市國有資產經營有限責任公司)	Domestic Share	73,540,620	9.55	73,540,620	8.50	73,540,620	7.96
Shanghai Zhengxi Investment Management Partnership (Limited Partnership)	Domestic Share	57,000,000	7.40	57,000,000	6.60	57,000,000	6.17
Other Shareholders	Domestic Share	157,095,471	20.40	157,095,471	18.18	157,095,471	17.01
Public Shareholders	H-Share	297,274,000	38.59	297,274,000	34.40	356,649,000	38.61
Subscribers	Domestic Share	—	—	94,000,000	10.88	94,000,000	10.18
Total		770,249,091	100.00	864,249,091	100.00	923,624,091	100.00

REASONS FOR SUBSCRIPTION

The net proceeds from the Subscription, after deducting relevant expenses, will be approximately RMB85.2 million (equivalent to approximately HK\$102.4 million^(Note)). The net proceeds raised per Share upon completion of the Subscription will be approximately HK\$1.089 per Subscription Share. The Company intends to use such net proceeds to repay the Company's existing short term bank loan.

The Directors are of the opinion that the Subscription represents a good opportunity to raise additional funds to decrease the bank borrowing of the Company. The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreements are fair and reasonable based on the current market conditions and that the Subscription is in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

By a resolution of the Shareholders passed at the annual general meeting of the Company held on 13 June 2017, the Company granted the General Mandate to the Directors to allot and issue up to 20% of the aggregate nominal amount of Domestic Shares in the issued share capital of the Company as at 13 June 2017, i.e. 94,595,018 Domestic Shares. The Directors have not exercised the power to allot and issue any new Shares pursuant to the General Mandate. As at the date of this announcement, the Company is entitled to issue up to 94,595,018 Domestic Shares pursuant to the General Mandate. It is intended that the Domestic Shares will be allotted and issued under the General Mandate and no further Shareholders' approval is required.

INFORMATION ON THE GROUP AND THE SUBSCRIBERS

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

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Subscribers are Independent Third Parties.

Since completion of the Subscription is subject to the satisfaction of the conditions precedent in the Subscription Agreements, the Subscription may or may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.

Note: The figures are calculated based on the middle exchange rate of RMB0.832 to HK\$1 as quoted by The People's Bank of China as at 4 January 2018, being the date of the Subscription Agreements.

DEFINITIONS

For the purpose of this announcement, capitalized terms appearing herein shall unless the context otherwise requires, have the meaning set out below:

“Board”	the board of Directors;
“Company”	Lingbao Gold Group Company Ltd, a joint stock company incorporated in the PRC with limited liability, the H-Shares of which are listed on the Stock Exchange;
“Completion”	completion of the conditions to Subscription pursuant to the Subscription Agreements;
“Completion Date”	the seventh (7) business day after the last of all the conditions required under the Subscription Agreements has been fulfilled (or has been properly waived), or such other date agreed between Parties (but not earlier than the Long Stop Date);
“connected person”	has the meaning ascribed to it in the Listing Rules;

“Directors”	directors of the Company;
“Domestic Share(s) ”	ordinary shares in the share capital of the Company, with a nominal value of RMB0.20 each, which are subscribed for in RMB by PRC nationals and/or PRC incorporated entities;
“Domestic Shareholder”	The holders of the Domestic Share(s);
“General Mandate”	the general mandate granted to the Directors to allot and issue up to 20% of the aggregate nominal amount of Domestic Shares in the issued share capital of the Company on 13 June 2017, by a resolution of the Shareholders passed at the annual general meeting of the Company held on 13 June 2017;
“Group”	the Company and its subsidiaries;
“H-Shares”	the overseas listed foreign shares of nominal value of RMB0.2 each in the share capital of the Company;
“H-Share Convertible Bond”	the H-Share convertible bond in the principal amount of HK\$76,000,000 issued by the Company on 7 November 2017;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party(ies)”	to the best of the Directors’ knowledge, information and belief after having made all reasonable enquiries, any third party(ies) that is (are) independent of the Company and its connected persons;
“Last Trading Day”	3 January 2018, being the last trading day in the H-Shares immediately before the publication of this announcement;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange;
“Long Stop Date”	9 February 2018 (or such later date the Parties may agree in writing);
“Party(ies)”	a party or parties to the Subscription Agreements;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;

“Share(s)”	the ordinary shares of nominal value of RMB0.2 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscribers”	9 individual investors procured by the Company to subscribe for Subscription Shares pursuant to the Subscription Agreements;
“Subscription”	the transaction(s) contemplated under the Subscription Agreements;
“Subscription Agreements”	the subscription agreements entered into between the Company and each of the Subscribers on 4 January 2018 in relation to the issue of the Domestic Shares, as varied, amended, modified, varied or supplemented in writing by the Parties thereto from time to time;
“Subscription Price”	The subscription price of RMB0.912 per Subscription Share;
“%”	per cent.

Unless otherwise specified in this announcement, the English names of the PRC entities are translation of their Chinese names, and are included herein for identification purpose only. In the event of any inconsistency, the Chinese names shall prevail.

By order of the Board
Lingbao Gold Group Company Ltd.
Chen Jianzheng
Chairman

Henan, the PRC, 4 January 2018

As at the date of this announcement, the Board comprises five executive Directors, namely Mr. Chen Jianzheng, Mr. Wang Leo, Ms. Zhou Xing, Mr. Zhao Kun and Mr. Xing Jiangze; one non-executive Director, namely Mr. Shi Yuchen; and four independent non-executive Directors, namely Mr. Yang Dongsheng, Mr. Han Qinchun, Mr. Wang Jiheng and Mr. Wang Guanghua.