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Lingbao Gold Group Company Ltd.

靈寶黃金集團股份有限公司

(formerly known as 靈寶黃金股份有限公司 (Lingbao Gold Company Ltd.))

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

(Stock code : 3330)

Investment Framework Agreement

On 20 July 2017, the Company and the Vendor entered into an Agreement setting out the principles relating to the Proposed Acquisition through the process of bidding as required under the laws and regulations of the PRC. The Company shall pay the Vendor a deposit of RMB100 million upon signing of the Agreement.

As one of the applicable percentage ratios in respect of the Deposit calculated under Chapter 14 of the Listing Rules is more than 5% and below 25%, the Deposit constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 20 July 2017, Lingbao Gold Group Company Ltd. (the “**Company**”) and Lingbao State-owned Assets Operation Company Limited# (靈寶市國有資產經營有限責任公司) (the “**Vendor**”) entered into an investment framework agreement (the “**Agreement**”) in respect of the proposed acquisition of 28.5% equity interest in Lingbao City Jincheng Metallurgical Limited Liability Company# (靈寶市金城冶金有限責任公司) (the “**Proposed Acquisition**”) through the process of bidding# (招拍掛) as required under the laws and regulations of the People's Republic of China (the “**PRC**”). The consideration of the Proposed Acquisition will be subject to the bidding result.

INVESTMENT FRAMEWORK AGREEMENT

Major principles of the Agreement are set out below:

Date: 20 July 2017.

The Purchaser: The Company

The Vendor: Lingbao State-owned Assets Operation Company Limited
To the best of the directors' of the Company knowledge, information and belief, having made all reasonable enquiries, the Vendor held 73,540,620 shares, representing 9.55% of the total issued share capital of the Company.

The Vendor holds 79.5% equity interest in Lingbao City Jincheng Metallurgical Limited Liability Company (the “**Jincheng**”). Under the Agreement, the Vendor intends to transfer 28.5% equity interest of Jincheng to the Company or its related parties or its designated third party. The Company shall pay the Vendor a deposit of RMB100 million within 7 days after the date of the Agreement (the “**Deposit**”). The Deposit shall be paid to the escrow bank account jointly controlled by the Company and Jincheng and upon approval by the Company and its related parties, Jincheng may use the Deposit for its construction and purchase of machinery. It is stated in the agreement that the Company shall send representatives to supervise the management of Jincheng to ensure usage of Deposit complies with the Agreement. Upon signing the formal equity transfer agreement, the Deposit can be directly deducted from the consideration and the remaining balance shall be pay according to the formal agreement. If after the invitation of bidding of the 28.5% equity interest of Jincheng and the Company fails the bid, the Deposit plus interest rate of 10% per annum (according to actual use and time) shall refund to the Company within 5 days when Jincheng receive the consideration from the purchaser. In the event Jincheng fails to pay the Deposit, it shall pay the Company a default amount equal to 0.05% per day.

Under the framework of the Proposed Acquisition, the Vendor will strengthen the cooperation with the Company and will coordinate the government and relevant departments to give supporting policy to the Company and Jincheng to ensure the healthy development of the gold smelting industry.

INFORMATION ON JINCHENG

Jincheng is a company incorporated in the PRC with a registered capital of RMB1 billion. The principal business of Jincheng is smelting and the smelting plant is still under construction. The designed daily processing capacity of gold concentrates of the smelting plant is approximately 2000 tonnes.

INFORMATION ON THE COMPANY AND THE VENDOR

The Company is an integrated gold mining enterprise in the PRC, and is mainly engaged in gold mining, smelting, refining and copper processing. The vendor mainly engaged in business operation and management of state-owned assets.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

As mentioned above, the Company is principally engaged in gold mining, smelting and refining. Jincheng is building a smelting plant with the construction area of 115,000 square meters. The smelting process of Jincheng is different to the Company, it is using a gold collection in matte with oxygen enriched bottom blowing smelting process# (富氧底吹造钽捕金工艺), which results in a very high recovery rate of gold, silver, copper and sulphuric acid and also better environmental protection.

The board of directors of the Company considers that the Proposed Acquisition would help the future development of the Company business and is in the interest of the Company and Shareholders as a whole.

LISTING RULES IMPLICATION

As one of the applicable percentage ratios in respect of the Deposit calculated under Chapter 14 of the Listing Rules is more than 5% and below 25%, the Deposit constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (“the **Listing Rules**”).

GENERAL

Since there is no certainty that the Company will be successful under the process of bidding, the Proposed Acquisition may or may not proceed. If materialised, the Proposed Acquisition will constitute a notifiable transaction for the Company under the Listing Rules. Further announcement will be made by the Company as and when appropriate in accordance with the Listing Rules.

As the Proposed Acquisition may or may not materialise, shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

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

Henan, the PRC, 20 July 2017

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.

For identification purpose only