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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)

ISSUE OF NEW H SHARES UNDER GENERAL MANDATE

SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 14 February 2018 (after trading hours), the Company entered into a Subscription Agreement with the Subscriber, pursuant to which the Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 58,860,252 new H Shares at the Subscription Price of HK\$1.276 per Subscription Share to the Subscriber. The Subscription is subject to various conditions set out below under the paragraphs headed "Conditions precedent to the Subscription" in this announcement.

An aggregate of 58,860,252 new Subscription Shares to be allotted and issued to the Subscriber are representing (i) approximately 19.80% and 6.81% of the existing issued H Shares and the existing issued share capital of the Company as at the date of this announcement respectively; and (ii) approximately 16.53% and 6.38% of the issued H Shares and the issued share capital of the Company respectively as enlarged by the allotment and issue of the Subscription Shares, subject to Completion (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Subscription Shares). The Subscription Shares will be issued under the General Mandate.

The Subscription Price is fixed at HK\$1.276 per Subscription Share, which represents: (i) a discount of approximately 19.75% to the closing price of HK\$1.590 per H Share as quoted on the Stock Exchange on the date of the Subscription Agreement; (ii) a discount of approximately 17.68% to the closing price of HK\$1.550 per H Share as quoted on the Stock Exchange on the Last Trading Day; and (iii) a discount of approximately 16.82% to the average closing price of approximately HK\$1.534 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

The gross proceeds from the Subscription are expected to be approximately HK\$75,105,682. After deducting related professional fees and all related, the net proceeds from the Subscription will be used for the general working capital of the Company.

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

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

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

THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 14 February 2018 (after trading hours), the Company entered into a Subscription Agreement with the Subscriber, for the conditional subscription of new Subscription Shares on and subject to the terms and conditions of the Subscription Agreement. Set out below are the key terms of the Subscription Agreement.

Date:

14 February 2018 (after trading hours)

Parties:

(1) the Company (as the issuer)

(2) Everlasting Education Centre Pte. Ltd. (as the Subscriber)

The Subscriber has conditionally agreed to subscribe for and the Company has conditionally agreed to allot and issue an aggregate of 58,860,252 new H Shares at the Subscription Price of HK\$1.276 per Subscription Share to the Subscriber.

The Subscription Shares

The Subscription Shares are representing (i) approximately 19.80% and 6.81% of the existing issued H Shares and the existing issued share capital of the Company as at the date of this announcement respectively; and (ii) approximately 16.53% and 6.38% of the issued H Shares and the issued share capital of the Company respectively as enlarged by the allotment and issue of the Subscription Shares in aggregate, subject to Completion (assuming that there will not be any changes in the issued share capital of the Company save for the allotment and issue of the Subscription Shares).

The Subscription Shares have an aggregate nominal value of RMB11,772,050.40 (equivalent to approximately HK\$14,516,549, calculated based on the middle exchange rate of RMB0.81094 to HK\$1 as quoted by The People's Bank of China as at 14 February 2018, being the date of the Subscription Agreement.)

Conditions Precedent to the Subscription

Completion of the Subscription under each of the Subscription Agreement is conditional upon fulfillment of the following conditions:

(i) The Board and the Shareholders of the Company (if applicable) approving the issue of the Subscription Shares;

- (ii) The General Mandate remaining in effect and having not been revoked;
- (iii) The Listing Committee of the Stock Exchange granting and not having withdrawn or revoked the approval for the listing of, and permission to deal in, the Subscription Shares;
- (iv) The Company to obtain approval from China Securities Regulatory Commission to issue the Subscription Shares;
- (v) The obtaining of other relevant approval and permission (if any) in relation to the issue of the Subscription Shares; and
- (vi) The representations and warranties by the parties to the Subscription Agreement remaining true, accurate and complete in all aspects.

If the above conditions precedent cannot be fulfilled before 31 August 2018, the Subscription Agreement will be automatically terminated and become null and void.

Completion of the Subscription

Upon the fulfilment (or agreed to be waived by both parties in writing) of the conditions precedent, The Company shall send the payment instruction to the Subscriber, and the Subscriber shall make the Subscription Payment to the account designated by the Company, within seven business days upon the receipt of the payment instruction.

Completion of the subscription of the Subscription Shares shall take place within seven business days upon the fulfilment (or appropriately waived) of the conditions set out in the Subscription Agreement (or such other date as the Company and the Subscriber may agree).

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with Shares in issue at the time of issue and allotment of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$1.276 per Subscription Share was arrived at after arm's length negotiations between the Company and the Subscriber with reference to the prevailing market price of the H Shares and represents:

- (i) a discount of approximately 19.75% to the closing price of HK\$1.590 per H Share as quoted on the Stock Exchange on the date of the Subscription Agreement;
- (ii) a discount of approximately 17.68% to the closing price of HK\$1.550 per H Share as quoted on the Stock Exchange on the Last Trading Day; and
- (iii) a discount of approximately 16.82% to the average closing price of approximately HK\$1.534 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day.

Application for listing

Application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The gross proceeds from the Subscription are expected to be approximately HK\$75,105,682. The net proceeds from the Subscription, after deducting relevant expenses, are expected to be approximately HK\$74,755,682. The net proceeds raised per Subscription Share upon Completion will be approximately HK\$1.27 per Subscription Share. The Company intends to use such net proceeds for the general working capital of the Company.

The Directors are of the opinion that the Subscription represents a good opportunity to raise additional funds to supplement the working capital of the Company. The Directors (including the independent non-executive Directors) consider that the terms of the Subscription Agreement 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.

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
4 January 2018	Issue of Domestic Shares	HK\$102.4 million	repay the Company's existing short term bank loan	repay the Company's existing short term bank loan

On 7 November 2017, the Company entered into a subscription agreement with the Everlasting Education Centre Pte. Ltd. in relation to the issuance of the H Share convertible bond in an aggregate principal amount of HK\$76,000,000 under the General Mandate. Later on 11 February 2018, the abovementioned parties entered into a termination agreement due to the complexity of the approval in the PRC, pursuant to which the parties have agreed to terminate the said subscription agreement. As compared to the issuance of the H Share convertible bond, the Company is of the view that the issuance of the Subscription Shares has relatively less complexity in obtaining relevant approval in the PRC, which can be completed in a relatively shorter period of time.

Save as disclosed above, the Company has not raised fund on any issue of equity securities in the past 12 months immediately before the date of this announcement.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there will be no other changes to the issued share capital of the Company between the date of this announcement and the Completion of the Subscription, the shareholding structures of the Company: (i) as at the date of this announcement; and (ii) immediately after the Completion of the Subscription, are as follows::

	Type of Shares	As at the date of this announcement		Immediately after the Completion of the Subscription (assuming that no other Shares will be issued)	
		Number of Shares	Approximate % of shareholding	Number of Shares	Approximate % of shareholding
D&R Asset Management Group Company Limited	Domestic Share	185,339,000	21.44	185,339,000	20.08
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	8.50	73,540,620	7.97
Shanghai Zhengxi Investment Management Partnership (Limited Partnership)	Domestic Share	57,000,000	6.60	57,000,000	6.17
Other Shareholders	Domestic Share	251,095,471	29.06	251,095,471	27.20
Public Shareholders	H Share	297,274,000	34.40	297,274,000	32.20
Subscriber	H Share	-	-	58,860,252	6.38
Total		864,249,091	100.00	923,109,343	100.00

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 H Shares in the issued share capital of the Company as at 13 June 2017, i.e. 59,454,800 H Shares. The Directors have not exercised the power to allot and issue any new H Shares pursuant to the General Mandate. As at the date of this announcement, the Company is entitled to issue up to 59,454,800 H Shares pursuant to the General Mandate. The Subscription Shares will be allotted and issued under the General Mandate and no further Shareholders' approval is required.

INFORMATION ON THE GROUP AND THE SUBSCRIBER

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

The Subscriber is principally engaged in academic tutoring services. It is expected that after Completion of the Subscription, the Subscriber will have no role in the Company's business operations. The Company believes that the Subscriber would prefer to be a financial investor

enjoying the future development of the Company.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Subscriber and its ultimate beneficial owners are Independent Third Parties and are not connected persons of the Company as defined under the Listing Rules.

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

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 Agreement;
“Directors”	directors of the Company;
“Domestic Share(s)”	ordinary shares in the share capital of the Company, which are subscribed for in RMB by PRC nationals and/or PRC incorporated entities;
“General Mandate”	the general mandate granted to the Directors to allot and issue up to 20% of the aggregate nominal amount of H Shares (59,454,800 H 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;
“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 as defined under the Listing Rules;
“Last Trading Day”	13 February 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;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	the ordinary shares of nominal value of RMB 0.2 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	the investor procured by the Company to subscribe for Subscription Shares pursuant to the Subscription Agreement, being Everlasting Education Centre Pte. Ltd., a company incorporated in the Singapore with limited liability;
“Subscription”	the subscription for the Subscription Shares by the Subscriber pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement entered into between the Company and the Subscriber on 14 February 2018 in relation to the issue of the Subscription Shares, as varied, amended, modified, varied or supplemented in writing by the Company and the Subscriber thereto from time to time;
“Subscription Payment”	the consideration to be paid by the Subscriber to subscribe for the Subscription Shares;
“Subscription Price”	The subscription price of HK\$1.276 per Subscription Share;
“Subscription Shares”	58,860,252 new H Shares to be issued under the Subscription Agreement;
“%”	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, 15 February 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.