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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)

**VERY SUBSTANTIAL DISPOSAL AND CONNECTED TRANSACTION
IN RELATION TO
DISPOSAL OF 100% EQUITY INTEREST
IN A WHOLLY-OWNED SUBSIDIARY**

Financial Advisor to Lingbao Gold Group Company Ltd.



SOMERLEY CAPITAL LIMITED

Independent Financial Advisor to Lingbao Gold Group Company Ltd.

ANGLO CHINESE 英高
CORPORATE FINANCE, LIMITED

THE DISPOSAL

On 12 August 2018, the Company and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to acquire, 100% equity interest in Lingbao Wason at a Consideration of RMB2,558,196,780. Upon Completion, Lingbao Wason will cease to be a subsidiary of the Company.

LISTING RULE IMPLICATIONS

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal of the Company, and is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, the Purchaser is controlled by D&R and hence a connected person of the Company pursuant to the Listing Rules. The Disposal therefore constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

An independent board committee comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders on the terms of the Equity Transfer Agreement.

The Company has appointed Anglo Chinese Corporate Finance, Limited as the independent financial advisor to advise the independent board committee and the Independent Shareholders of the Company on the terms of the Equity Transfer Agreement.

GENERAL

An EGM will be convened and held for the Shareholders to, among other things, consider and, if thought fit, to approve the Disposal. To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, apart from D&R and its associates, no Shareholder has material interest in the transaction contemplated under the Equity Transfer Agreement. Therefore, only D&R and its associates shall abstain from voting at the resolution considering and approving the transaction contemplated under the Equity Transfer Agreement at the EGM. Save as disclosed above, no other Shareholder shall be required to abstain from voting at the resolution(s) considering and approving the transaction contemplated under the Equity Transfer Agreement at the EGM.

A circular containing, among other things, further details of the Disposal, a letter of recommendation from the independent board committee to the Independent Shareholders, a letter of advice from the Independent Financial Advisor to the independent board committee and the Independent Shareholders, financial information of the Group and Lingbao Wason Group, a valuation report on Lingbao Wason Group and a notice convening the EGM is expected to be despatched to the Shareholders within 15 business days from the date of this announcement.

INTRODUCTION

On 12 August 2018, the Company and the Purchaser entered into the Equity Transfer Agreement, pursuant to which the Company agreed to sell, and the Purchaser agreed to acquire, 100% of the equity interest in Lingbao Wason at a Consideration of RMB2,558,196,780. Upon Completion, Lingbao Wason will cease to be a subsidiary of the Company.

The principal terms of the Equity Transfer Agreement are set out below.

EQUITY TRANSFER AGREEMENT

Date 12 August 2018

Parties

Purchaser: Shenzhen Londian Electrics Co., Ltd. (深圳龍電電氣股份有限公司)

Vendor: the Company

Assets to be disposed of

Lingbao Wason is a direct wholly-owned subsidiary of the Company, and 100% of the equity interest in Lingbao Wason has been pledged by the Company to the Export-Import Bank of China. The assets to be disposed of under the Equity Transfer Agreement is 100% of the equity interest in Lingbao Wason, which is held by the Company.

Consideration

Pursuant to the Equity Transfer Agreement, the Consideration of RMB2,558,196,780 was determined after arm's length negotiations between the parties, which represented the higher of (i) the price earnings multiple of 10 times of Lingbao Wason Group's net profit of approximately RMB255.8 million in 2017, extracted from the audited local statutory financial statements of Lingbao Wason Group for the financial year ended 31 December 2017; and (ii) the preliminary indication of valuation of RMB2,320 million as assessed by Cushman & Wakefield Limited ("C&W"), an independent valuer, in respect

of 100% of the equity interest in Lingbao Wason as at 30 April 2018. The full valuation report from C&W will be included in the circular in connection with the Disposal to be despatched to the Shareholders.

In addition, when determining the Consideration, the parties have taken into account (i) the financial performance and financial position of Lingbao Wason Group for the financial year ended 31 December 2017 (including, among others, its net assets attributable to the Group of approximately RMB949.0 million as at 31 December 2017), and (ii) the general market environment in the PRC copper processing industry.

Payment Arrangement

The Consideration is to be settled as follows:

- (i) Within 3 business days of the execution of the Equity Transfer Agreement, the Purchaser shall pay RMB20,000,000, being the deposit (the “**Deposit**”), to an account designated by the Company (the “**Company Account**”).
- (ii) Within 5 business days of the date of the EGM (if the Disposal is approved by the Independent Shareholders), the Purchaser shall pay RMB350,000,000 (the “**Initial Payment**”) to the Company Account. As 100% of the equity interest in Lingbao Wason has been pledged by the Company to the Export-Import Bank of China, the Initial Payment can only be used to release the pledge over such equity interest in Lingbao Wason. Within 10 to 30 business days following the receipt of the Initial Payment by the Company, the Company shall complete the release of such pledge, unless otherwise agreed in writing by the Purchaser and the Company.
- (iii) From the date of completion of the release of the pledge of equity interest in Lingbao Wason, the Company and Lingbao Wason shall file the application for registration with the Administration for Industry and Commerce (the “**AIC Registration**”). Upon completion of such registration, the registered owner of 100% of the equity interest in Lingbao Wason will be the Purchaser. Within 10 business days after the date on which the process of application has been initiated, the second payment shall be paid to an independent escrow account (the “**Escrow Account**”). On the date of completion of the AIC Registration, the second payment will be transferred to the Company Account. The second payment shall be calculated as follows:

The Second Payment = Consideration* 60% – the Deposit – the Initial Payment

- (iv) Within 10 business days upon completion of the AIC Registration, the Purchaser shall pay the remaining balance of the Consideration to the Escrow Account, being 40% of the Consideration. Within 2 to 4 months following the completion of the AIC Registration, the receivables and payables and any guarantees between the Company and Lingbao Wason as of 30 April 2018 (set forth in the schedule 1 of the Equity Transfer Agreement) shall be (i) settled, or (ii) otherwise dealt with in an appropriate manner. The Company and the Purchaser shall confirm in writing once

such receivables and payables and guarantees set forth in schedule 1 of the Equity Transfer Agreement are so settled or otherwise dealt with. Within 5 business days following the issuance of such written confirmation, the remaining balance of the Consideration shall be transferred from the Escrow Account to the account designated by the Company.

- (v) The Purchaser shall ensure that Lingbao Wason will fulfill its obligation relating to the receivables and payables and any guarantees between the Company and Lingbao Wason set out in (iv) above.

In the event that the Company (i) fails to convene the EGM within 60 days upon the issuance of the notice convening the EGM; or (ii) fails to release such pledge within 30 business days following the receipt of the Initial Payment, the Company shall refund all the payments made by the Purchaser within two business days upon such failure, and shall compensate the Purchaser for direct losses caused by the above matters, unless the Purchaser agrees to an extension.

Arrangements during the transition period

The transition period shall mean the period starting from the date of execution of the Equity Transfer Agreement and ending on the date on which the receivables and payables and any guarantees between the Company and Lingbao Wason as of the completion date of the AIC Registration have been settled. During the transition period, among others: (i) profit or loss recorded by Lingbao Wason incurred during the transition period (including accumulative undistributed profits and capital reserves) shall be enjoyed or borne by the Company; (ii) Lingbao Wason shall be under the management of the Company; and (iii) the Company shall notify the Purchaser of material event of Lingbao Wason.

Conditions precedent and Completion

Completion of the Disposal is subject to the condition precedent of approval by the Independent Shareholders at the EGM being fulfilled. In addition, permit, approval or no objection of the relevant regulatory authorities must be obtained by the Company prior to the signing of the Equity Transfer Agreement, and the internal approval of the Purchaser and Lingbao Wason Group is required.

If the Disposal is approved at the EGM and is carried out as planned, the Disposal will be completed after the Purchaser pays the remaining balance of the Consideration.

INFORMATION ON LINGBAO WASON

Lingbao Wason is a company incorporated in the PRC with a registered capital of RMB680 million. Lingbao Wason Group is principally engaged in the production and sale of copper foil and flexible copper clad laminate.

The following is a summary of the consolidated financial information of Lingbao Wason Group for the three years ended 31 December 2015, 2016 and 2017:

	As at 31 December 2015	As at 31 December 2016	As at 31 December 2017
	(audited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total Assets	1,604,521	1,791,968	2,481,511
Net Assets (including non-controlling interests)	340,445	449,789	1,194,188
	For the year ended 31 December 2015	For the year ended 31 December 2016	For the year ended 31 December 2017
	(audited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before taxation	43,898	126,890	298,603
Profit after taxation	38,532	109,344	255,820

The consolidated financial information extracted from the audited local statutory financial statements of Lingbao Wason Group for the three years ended 31 December 2015, 2016 and 2017 are prepared in accordance with the relevant accounting principles and financial regulations applicable to enterprises established in the PRC.

As disclosed in the section above headed “Equity Transfer Agreement — Payment Arrangement”, 100% equity interest in Lingbao Wason has been pledged by the Company to the Export-Import Bank of China, for the purpose of the Company securing a long-term finance lease facility of RMB400 million, for a period of approximately seven years from 29 February 2016 to 18 February 2023.

INFORMATION ON THE GROUP

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

INFORMATION ON THE PURCHASER

Shenzhen Londian Electrics Co., Ltd. is a company incorporated in the PRC with limited liability, and is mainly engaged in manufacturing electrical equipment and energy equipment.

As of 30 April 2018, the controlling shareholder of Shenzhen Longdian Electric Co., Ltd. (the Purchaser) was Shenzhen Huaxinding Financial Service Co., Ltd., which held 83,260,000 shares or approximately 51.7% equity interest of Shenzhen Longdian Electric Co., Ltd..

Shenzhen Longdian Electric Co., Ltd. is an enterprise indirectly controlled by D&R. The ultimate controlling shareholder of D&R is Mr. Wang Weidong. Mr. Wang Weidong does not wholly own D&R. D&R does not directly participate in daily operation of the Company. The Purchaser, its connected persons and close associates do not have any relationship with any of the 9 subscribers (as referred in the Company's announcement dated 4 January 2018) and Everlasting Education Centre Pte Ltd (as referred in the Company's announcement dated 15 February 2018). D&R, its connected persons and close associates do not have any relationship with Lingbao State-owned Assets Operation Company Limited, another shareholder of the Company.

FINANCIAL EFFECTS OF THE DISPOSAL

Upon Completion, the Company will no longer have any equity interest in Lingbao Wason and Lingbao Wason Group will cease to be subsidiaries of the Group. The financial results of Lingbao Wason Group will no longer be consolidated into the consolidated financial statements of the Group after the Completion.

It is estimated that the Group will record a gain before tax of approximately RMB1,816.0 million as a result of the Disposal, as if the Disposal had taken place on 31 December 2017. Such gain represents the sum of (a) the Consideration to be received by the Group of approximately RMB2,558.2 million and (b) the amount of retained profits of Lingbao Wason Group attributable to the Group of approximately RMB210.9 million as at 31 December 2017, less (i) the carrying value of the net assets of Lingbao Wason Group attributable to the Group of approximately RMB949.0 million as at 31 December 2017, and (ii) the estimated transaction costs directly related to the Disposal of approximately RMB4.1 million.

However, the amount of retained profits of Lingbao Wason Group attributable to the Group and the carrying value of the net assets of Lingbao Wason Group attributable to the Group as at the date of Completion may be different from those as at 31 December 2017. Such difference may result from a number of factors including, but not limited to, Lingbao Wason Group's results of operation during the period from 31 December 2017 to the date of Completion. The actual accounting gain or loss will be calculated at the date of Completion by reference to the net asset value of Lingbao Wason Group at that time.

REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

The Board is of the opinion that after the Disposal, the Company's value, especially the net asset value, would increase significantly and the Disposal would help the Company to (1) reduce the Company's debt scale and gearing ratio; (2) further meet the capital needs of the Company's existing business for environmental protection, technological upgrade and exploration; and (3) further supplement the Company's working capital so that more focus will be placed on the mining and smelting business as the Group's principal business. The Company will focus on the strategic expansion of the gold industry and implement business model innovations, so as to promote industrial structure transformation and upgrading.

The staff structure of and management requirements for copper processing business segment are different from such of the Group's principal business of gold mining and smelting. Due to the two different business models, the Disposal will help the Company focus on the gold industry and make better management decisions as well as achieve better alignment in corporate cultures.

Based on the audited financial statements of the Group as at 31 December 2017, the Group has outstanding bank and other borrowings of approximately RMB4,893 million, representing approximately 3.5 times of the net assets of the Group of approximately RMB1,383 million. Approximately RMB3,381 million out of the above total outstanding bank and other borrowings of the Group was repayable within one year. Despite of the slight improvements in the Group's gearing ratio in the past 3 years, the risk of the above level of indebtedness compared to the Group's net assets is still considered high, especially in the credit tightening environment in the PRC and the general trend of deleveraging to reduce the financial risk of companies in the PRC. The Board considers such high level of indebtedness would hinder the Group's ability to finance its future business development and its ability to sustain risk.

Against the above backdrop, the Group has been active in fund raising exercises for additional liquidity. These include, for example, issues of new H Shares and domestic Shares, and entering into finance lease arrangement with an independent third party. In addition, the Company had previously attempted to dispose of the 60% equity interest in Lingbao Wason held by it to a third party (the "**Previous Proposal**", as detailed in the circular of the Company dated 11 August 2017). At the subsequent extraordinary general meeting of the Company held on 26 September 2017, however, the relevant resolution was voted down by the Shareholders. Subsequently, the Company made a capital injection totalling RMB500 million to Lingbao Wason on 30 September 2017 and 12 October 2017, to shore up its financial position.

In addition, the Company approached professional agency on an informal and strictly confidential basis during the period commencing from January 2018 to March 2018 to seek opportunity of selling its copper foil business. However, no potential buyer can offer to pay a consideration to the satisfaction of the Company. For instance: (1) potential buyers required a valuation adjustment arrangement in respect of the business results, the term of which shall not be less than three years; (2) potential buyers are unwilling to only use cash as consideration, and they can only offer shares as consideration (involving no cash whatsoever) or to pay substantially all of the consideration in the form of shares (and the remaining very small portion thereof in cash) in respect of the transaction; (3) the consideration offered, which is not assessed by a professional valuer, is relatively low; (4) the pledge over the equity interests in Lingbao Wason with banks is required to be discharged prior to the transaction.

The Board has considered all possible fund raising means and considers that the Disposal is the best option because it is the only option that can greatly reduce the Group's gearing ratio.

While the Company recognises the profitability of Lingbao Wason Group, the Company considers reducing its high level of indebtedness takes priority. Pursuant to the Equity Transfer Agreement, the Purchaser has agreed to acquire the entire equity interest of Lingbao Wason at a consideration of approximately RMB2,558 million. As stated above, the Company considers its gold mining and smelting business as its principal business, while the business of copper processing is regarded as relatively less critical. Further, the Board is also of the view that the terms of the Disposal are more favourable to the Company compared to those under the Previous Proposal. In particular, the Consideration payable under the Disposal would enable the Group to record a higher gain before tax and would bring about a substantially larger amount of net proceeds, which could be used to reduce the Company's debt scale and gearing ratio by a much more meaningful extent, to inject capital into its existing business and to further supplement its working capital, as set out in detail below, and hence enabling the Group's financial health to be restored. As such, the Board having considered the reasons and merits of the Disposal above, has decided to enter into the Equity Transfer Agreement to dispose of its entire equity interest in Lingbao Wason, considers that the Disposal is in the interest of the Company and the Shareholders as a whole and is optimistic that the Disposal can gain the support of the Independent Shareholders this time.

The Directors (other than the independent non-executive Directors who will express their views after considering the advice from the Independent Financial Advisor) are of the opinion that the Equity Transfer Agreement is on normal commercial terms, and that the terms and conditions are fair and reasonable, are in line with the overall development strategies and are in the interest of the Company and its shareholders as a whole, though the transaction under the Equity Transfer Agreement is not conducted in the ordinary and usual course of business of the Company.

The Board intends to apply the net proceeds from the Disposal of approximately RMB2,554 million to implement the following plans which aim to address the loss-making situation of the Remaining Group:

(i) Repayment of outstanding indebtedness

Approximately RMB1,500 million would be used to repay the Remaining Group's outstanding indebtedness, in order to lower the gearing ratio and thereby enhancing the capital structure of the Remaining Group. The Board also considers the repayment of outstanding indebtedness would also significantly reduce relevant finance cost and other costs currently recognised in the Group's profit or loss statements.

(ii) Capital and research expenditure relating to the existing businesses

Approximately RMB408 million would be applied to (i) improve the production efficiency of the Remaining Group's existing mining and smelting business, in particular replacing aging equipment and facilities on the production and mining sites, and (ii) conduct certain technological upgrades and environmental protection measures related upgrades.

As stated in the Company's 2017 annual report, the Group's smelting production was suspended for about three months due to environmental issues. The environment protection equipment related upgrades are to enhance the pollutant treatment capability of the Group and to reduce the chance of any further interruption of the Group's production in the future. The production of Tongbai Xingyuan Mining Company Limited, a wholly-owned subsidiary of the Company, has recommenced after renewal of the production safety permit. From 28 May 2018, annual examination and maintenance have been conducted for the smelting plant and installation and experimentation for environment protection facilities. At the moment, the smelting plant has commenced trial operation, and is expected to resume production soon. Apart from above, no production suspension of the Group's smelting plant has occurred or is suspected to occur.

To address the above issues, the Group has been carrying out or will carry out research projects related to environmental protection, including (among others) red slag hazard-free treatment, desalting of cyanogen-bearing wastewater and dechlorination of acid wastewater, rain and sewage diversion facilities and tailing dam treatment projects, which aim to fulfil certain environmental needs which would in turn ensure the smooth operation of the Group's production. In addition, the Company proposes to strengthen the Group's downhole productivity and ore processing capability through capital expenditure in various technological improvement and construction projects together with acquisition of new equipment, which is expected to increase the production volume of mining output, including gold concentrates and compound gold, and in turn lower the production costs for the smelting operation.

(iii) General working capital

Approximately RMB646 million would be used as general working capital, for the purpose of conducting the existing businesses of the Remaining Group, among which, (1) approximately RMB46 million is intended to be used in the mining sector for the procurement of auxiliary materials and reagents and payments for utilities and renewal of mine production permits; (2) approximately RMB300 million is intended to be used for procurement of gold concentrates from domestic suppliers for smelting operation; (3) approximately RMB150 million is intended to be used for procurement of high quality gold concentrates from international suppliers for smelting operation; and (4) approximately RMB150 million is intended for the procurement of compound gold for refinery workshops. The above uses of proceeds would enable the Group to increase the minerals input by 10%–20% from the average mineral inputs of the Group in the past three years.

One of the reasons for the decrease in gold production since year 2016 is the lack of general working capital. As such, the Group proposes to resolve this problem by injecting the aforesaid working capital into the Group's PRC mining segment and smelting segment respectively to be used to purchase raw materials. With adequate working capital amount and raw materials input for smelting business, the production capacity of the smelting operation is expected to resume to the year 2015 level and accordingly production is expected to reach full capacity, leading to higher outputs.

The Group's PRC mining and smelting segments have been recording consistent segment profits. As stated in the Company's 2016 and 2017 annual reports, the Group's PRC mining segment recorded profits of approximately RMB47 million, RMB35 million and RMB25 million in 2015, 2016 and 2017 respectively, and the Group's smelting segment recorded profits of approximately RMB20 million, RMB190 million and RMB146 million in 2015, 2016 and 2017 respectively, during the same periods. Unfortunately, the financial performance of the Group has been substantially and adversely affected by the losses incurred by Full Gold, an approximately 82% owned subsidiary of the Company engaging in the gold mining and mineral ores processing operations in Kyrgyz Republic. The segment losses incurred by the Group's Kyrgyz mining segment amounted to approximately RMB41 million, RMB39 million and RMB78 million in 2015, 2016 and 2017 respectively. As the Company has been stepping up its effort to improve the profitability of the Group, it may make arrangement to stop further losses to be incurred by Full Gold in future, by technological upgrade and cooperation with research institutions to improve the mining and ore processing capacity and efficiency, or by disposing of or suspending the operation of Full Gold, if the operating loss situation of Full Gold cannot be rectified. Apart from the above, as at the date of this announcement, the Company does not have any intention, arrangement, agreement, understanding, or negotiation for any scaling down, disposal or termination of the existing operating businesses of the Remaining Group.

LISTING RULE IMPLICATIONS

D&R is the single largest shareholder of the Company, and Shenzhen Londian Electrics Co., Ltd., is indirectly controlled by D&R. Therefore, Shenzhen Londian Electrics Co., Ltd., is a connected person of the Company under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Disposal is more than 75%, the Disposal constitutes a connected transaction and a very substantial disposal of the Company, and is therefore subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR

An independent board committee comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders in respect of the Disposal.

The Company has appointed Anglo Chinese Corporate Finance, Limited as the independent financial advisor to advise the independent board committee and the Independent Shareholders of the Company on the terms of the Equity Transfer Agreement.

GENERAL

An EGM will be convened and held for the Shareholders to, among other things, consider and, if thought fit, to approve the Disposal. To the best of knowledge, information and belief of the Directors having made all reasonable enquiries, apart from D&R and its associates, no Shareholder has a material interest in the transaction contemplated under the Equity Transfer Agreement. Therefore, only D&R and its associates shall abstain from voting at the resolution(s) considering and approving the transaction contemplated under the Equity Transfer Agreement at the EGM. Save as disclosed above, no other Shareholder shall be required to abstain from voting at the resolution(s) considering and approving the transaction contemplated under the Equity Transfer Agreement at the EGM.

A circular containing, among other things, further details of the Disposal, a letter of recommendation from the independent board committee to the Independent Shareholders, a letter of advice from the Independent Financial Advisor to the independent board committee and the Independent Shareholders, financial information of the Group, a valuation report on Lingbao Wason Group and Lingbao Wason Group, and a notice convening the EGM is expected to be despatched to the Shareholders within 15 business days from the date of this announcement.

DEFINITIONS

“Board”	the board of Directors;
“Company”	Lingbao Gold Group Company Ltd., a joint stock company incorporated in the PRC, the shares of which are listed on the Stock Exchange;
“Completion”	completion of the Disposal;
“Consideration”	a total consideration of RMB2,558,196,780 payable by the Purchaser to the Company in respect of the Disposal pursuant to the Equity Transfer Agreement;
“D&R”	D&R Asset Management Group Company Limited;
“Director(s)”	directors of the Company;
“Disposal”	the disposal of 100% equity interest in Lingbao Wason by the Company pursuant to the terms and conditions in the Equity Transfer Agreement;
“EGM”	extraordinary general meeting of the Company to be convened for the shareholders to consider and, if thought fit, approve the Equity Transfer Agreement and the transaction contemplated thereunder;
“Equity Transfer Agreement”	the equity transfer agreement entered into between the Company and the Purchaser on 12 August 2018;
“Full Gold”	Full Gold Mining Limited Liability Company, a 82% owned subsidiary of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administration Region of the PRC;
“Independent Financial Advisor”	Anglo Chinese Corporate Finance, Limited (英高財務顧問有限公司), a company to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, and the independent financial adviser to the independent board committee in respect of the Disposal;
“Independent Shareholder(s)”	shareholders other than Shareholders who have material interest in the Disposal;

“Lingbao Wason”	靈寶華鑫銅箔有限責任公司 (Lingbao Wason Copper-Foil Company Ltd. [#]), a company established in the PRC with limited liability and is a wholly owned subsidiary of the Company as at the date of this announcement;
“Lingbao Wason Group”	Lingbao Wason and its subsidiaries;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan;
“Purchaser”	Shenzhen Londian Electrics Co., Ltd. (深圳龍電電氣股份有限公司);
“Remaining Group”	the Company and its subsidiaries upon Completion;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders”	shareholders of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

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

Henan, the PRC, 12 August 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.

[#] *for identification purposes only*