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**GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED**

**金源米業國際有限公司**

*(incorporated in Bermuda with limited liability)*

*(Stock Code: 677)*

**DISCLOSEABLE TRANSACTION  
ACQUISITION OF INTEREST IN GR VIETNAM INTERNATIONAL LIMITED**

The Board wishes to announce that on 10 August 2010, after trading hours, Reo Developments, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with, among others, the Vendor whereby Reo Developments agreed to purchase and the Vendor agreed to sell the Sale Share and the Shareholder's Loan for a total consideration of HK\$33,200,000.

The Target Company has entered into, among others, the License Agreement with Circle K and is the holding company of various companies which comprise, among others, GR Vietnam (HK) which has entered into the JV Agreement with Food Company Ltd in relation to the formation of the JV Company under the laws of Vietnam. Pursuant to the terms of the JV Agreement, the total contribution to be made by GR Vietnam (HK) will amount to VND34,270.6 million (or approximately HK\$15,288,000).

As the Consideration payable under the Acquisition and the Contribution together exceed 5% but less than 25% of the applicable percentage ratios, the transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

**INTRODUCTION**

On 10 August 2010 after trading hours, the Vendor and Reo Developments, among others, entered into the Sale and Purchase Agreement whereby the Vendor as seller agreed to sell, and Reo Developments as purchaser agreed to purchase, the Sale Share and the Shareholder's Loan.

**THE SALE AND PURCHASE AGREEMENT**

**Date**

10 August 2010

**Parties**

Vendor: GR Vietnam Group Limited, a wholly-owned subsidiary of GRV Holdings  
Vendor's guarantor: GRV Holdings  
Purchaser: Reo Developments, a wholly-owned subsidiary of the Company  
Purchaser's guarantor: the Company

Save that Mr. Anthony LAM Sai Ho is an executive director of GRV Holdings, the holding company of the Vendor and an executive Director and Vice Chairman of the Company, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owners are parties independent of and not connected with the Company and its connected persons.

**Assets to be acquired**

The assets to be acquired comprise (i) the Sale Share, representing the entire issued share capital of the Target Company and (ii) the Shareholder's Loan, representing the total sum of Debt due to the Vendor from the Target Company.

The Target Company has entered into, among others, the License Agreement with Circle K and is the holding company of various companies which comprise, among others, GR Vietnam (HK) which has entered into the JV Agreement with Food Company Ltd in relation to the formation of the JV Company under the laws of Vietnam.

**Consideration**

The consideration payable by the Group to the Vendor in relation to the Acquisition shall be HK\$33,200,000, which comprises (i) HK\$4,437,000 payable on the Sale Share and (ii) HK\$28,763,000 payable on the Shareholder's Loan and is determined after arm's length negotiation between the parties and based on the Vendor's total funding cost in setting up the Vietnamese operations of the Target Group up to 30 June 2010. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company and the Group shall be responsible to pay the Contribution upon the formation of the JV Company under the terms of the JV Agreement.

**Conditions precedent**

Completion is conditional upon the following conditions:

- (i) Reo Developments having completed and satisfied in its reasonable discretion with the results of the due diligence investigation that:
  - (a) each of the Target Group companies is duly incorporated and subsisting under the jurisdiction of its incorporation place; and
  - (b) the Target Group does not have any other material liabilities other than those reflected in the unaudited consolidated financial statements of the Target Group for the three months ended 30 June 2010 or as disclosed by the Vendor;
- (ii) (if required) all requisite waivers, consents and approvals from any relevant governments or regulatory authorities of Hong Kong in connection with the transactions contemplated under the Sale and Purchase Agreement having been obtained;

- (iii) (if required) GRV Holdings, having convened a special general meeting at which resolutions shall have been duly passed by its shareholders to approve the Sale and Purchase Agreement and the transactions (or any of them) contemplated thereunder;
- (iv) (if required) the Company, having convened a special general meeting at which resolutions shall have been duly passed by the Shareholders to approve the Sale and Purchase Agreement and the transactions (or any of them) contemplated thereunder; and
- (v) the Vendor having obtained a written consent from Circle K under the License Agreement in respect of the change of ownership of the Target Company.

If any of the above conditions precedent has not been satisfied or waived (save that conditions (iii), (iv) and (v) cannot be waived) by the date which is three months after the date of the Sale and Purchase Agreement, the Sale and Purchase Agreement shall lapse and has no further effect and the parties shall be released from all obligations under it (without prejudice to the rights of the parties in respect of any antecedent breach of the Sale and Purchase Agreement).

Reo Developments shall commence the due diligence investigation in respect of, among others, the financial, operation and legal aspects of the Target Group companies and complete within two (2) months from the date of the Sale and Purchase Agreement.

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, as at the date of the Sale and Purchase Agreement, the approval of the shareholders of GRV Holdings and the approval of the Shareholders for the Acquisition and the transaction contemplated under the Sale and Purchase is not required.

### **Completion**

Completion shall take place on the fifth (5th) Business Day after the date on which the conditions precedent under the Sale and Purchase Agreement are satisfied or waived or such other date as the parties may agree in writing.

A deed of assignment in relation to the Shareholder's Loan will be executed by the Vendor as assignor, Reo Developments as assignee and the Target Company upon Completion.

### **Guarantee to the Vendor**

In consideration of the Vendor agreeing to enter into the Sale and Purchase Agreement, the Company irrevocably, unconditionally and absolutely guaranteed to the Vendor and each of its successors in title the full, due and punctual performance of all the obligations of Reo Developments under or pursuant to the Sale and Purchase Agreement and, in the case of failure by Reo Developments, fully, duly or punctually to perform such obligations, shall itself forthwith on demand perform (to the extent capable to be so performed) such obligations, and undertakes with the Vendor that the Company will, as primary obligor and not merely as surety, perform such obligations on Reo Developments' behalf and shall indemnify and keep indemnified on demand the Vendor from and against any and all losses, reasonable costs and expenses (including reasonable legal costs) which it may sustain, incur or suffer by reason of any default or delay on the part of Reo Developments in the performance of the said obligations.

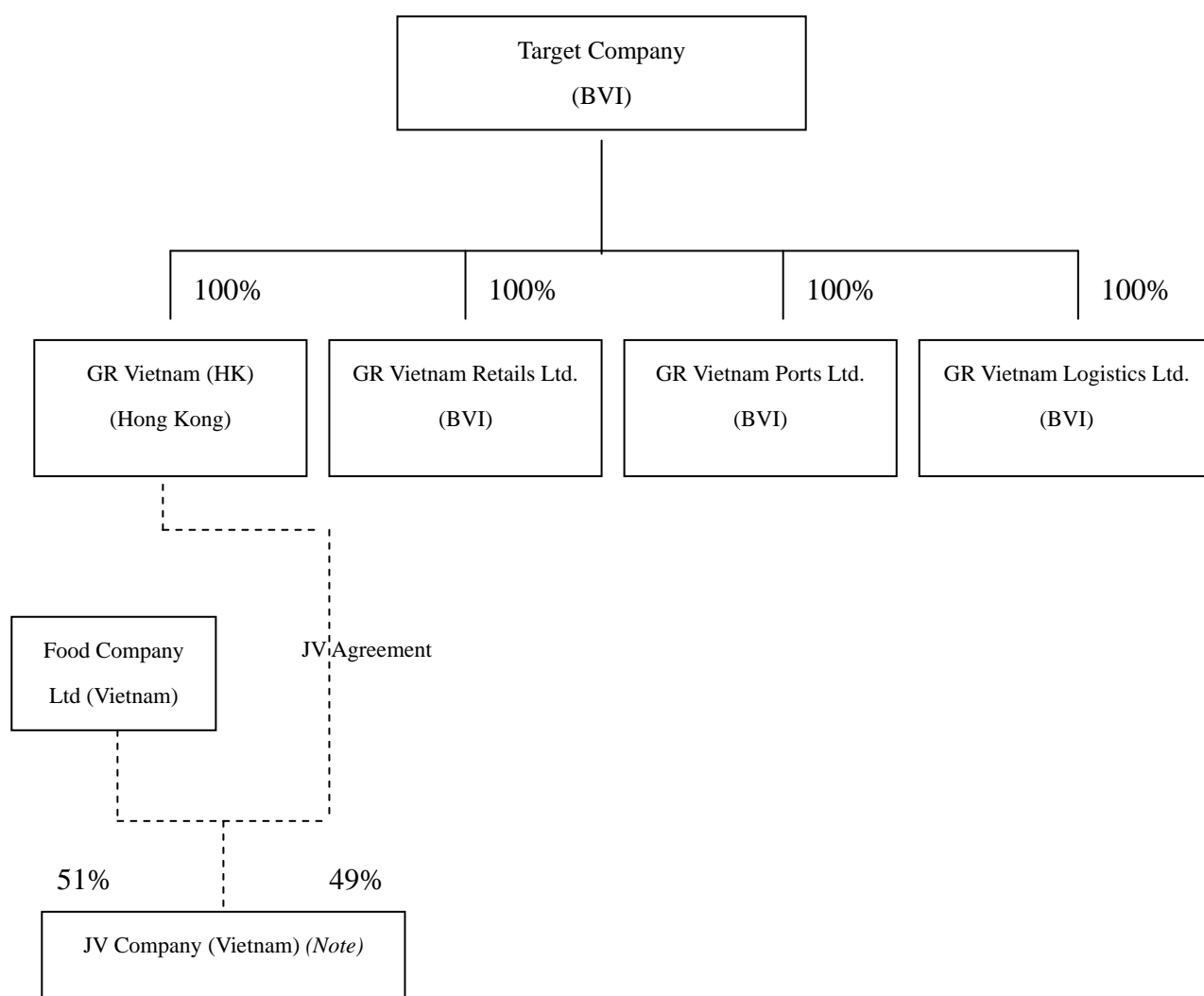
### **Guarantee to Reo Developments**

In consideration of Reo Developments agreeing to enter into the Sale and Purchase Agreement, GRV Holdings irrevocably, unconditionally and absolutely guaranteed to Reo

Developments and each of its successors in title the full, due and punctual performance of all the obligations of the Vendor under or pursuant to the Sale and Purchase Agreement and, in the case of failure by the Vendor, fully, duly or punctually to perform such obligations, shall itself forthwith on demand perform (to the extent capable to be so performed) such obligations, and undertakes with Reo Developments that GRV Holdings will, as primary obligor and not merely as surety, perform such obligations on the Vendor's behalf and shall indemnify and keep indemnified on demand Reo Developments from and against any and all losses, reasonable costs and expenses (including reasonable legal costs) which it may sustain, incur or suffer by reason of any default or delay on the part of the Vendor in the performance of the said obligations.

## INFORMATION ON THE TARGET GROUP

The Target Company is the holding company of various subsidiaries which are principally engaged in, among other things, investment holding and the operation of convenience stores business in Vietnam through contractual arrangements with the Vietnam representatives. The current structure of the Target Group is as follows:



*Note: The JV Company has not been established as at the date of this announcement.*

A summary of the key financial information of the Target Group for each of the two years ended 31 March 2010, which was prepared in accordance with Hong Kong Financial

Reporting Standards and is extracted from the unaudited consolidated financial statements of the Target Group, is set out below:

	<b>For the year ended 31 March</b>	
	<b>2009</b>	<b>2010</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Turnover</b>	778	5,479
<b>(Loss) before taxation</b>	(9,755)	(8,029)
<b>(Loss) after taxation</b>	(9,755)	(8,029)

The unaudited net liability value of the Target Group as at 31 March 2009 and 31 March 2010 amounted to approximately HK\$11,479,000 and HK\$19,756,000 respectively.

The Target Group has entered into the following agreements in connection with its business as disclosed in the announcements of GRV Holdings dated 14 November 2007, 23 January 2008, 2 May 2008, 12 August 2008, 3 November 2008, 9 April 2009, 30 June 2009, 30 December 2009 and 30 June 2010:

#### **A. THE JV AGREEMENT**

##### **Date**

13 November 2007 (as supplemented by supplemental agreements dated 18 January 2008, 2 May 2008, 8 August 2008, a restated and amended joint venture agreement dated 3 November 2008 which is supplemented by supplemental agreements dated 25 February 2009, 30 June 2009, 30 December 2009 and 30 June 2010)

##### **Parties**

- (i) GR Vietnam (HK), a wholly-owned subsidiary of the Target Company
- (ii) Food Company Ltd, a state-owned enterprise established under the laws of Vietnam and to the best of the Directors' knowledge, information and belief having made reasonable enquiries, each of Food Company Ltd and its ultimate beneficial owners are parties independent of and not connected with the Company and its connected persons

##### **Co-operation**

Pursuant to the terms of the JV Agreement, GR Vietnam (HK) and Food Company Ltd agreed to establish the JV Company in Vietnam to engage in the operation of convenience retail store(s), other retail and commercial businesses together with other activities as may be approved by the board of directors of the JV Company.

The JV Company has a term of fifty (50) years commencing from the date of establishment of the JV Company. Upon formation and subject to Completion, the JV Company will become a jointly controlled entity of the Group.

##### **Conditions precedent**

Completion of the JV Agreement is subject to, inter alia, the following conditions:

- (i) the JV Company having duly established under the laws of Vietnam;
- (ii) a legal opinion given by lawyers practicing in Vietnam on the issues arising from or in connection with the JV Agreement and the transactions contemplated thereby;

- (iii) the shareholders of GRV Holdings having approved the formation of the JV Company and the transactions (or any of them) contemplated therein;
- (iv) Food Company Ltd having obtained all necessary approval(s) or permit(s) from the relevant government authority(ies) in Vietnam to approve the transaction contemplated therein; and
- (v) if necessary, all approvals from government and regulatory authorities in Hong Kong, Vietnam or anywhere else, corporate approvals and consents and third party consents for the transactions contemplated under the JV Agreement.

If any of the above conditions has not been satisfied on or before 31 December 2010 (or such other date as the parties may agree in writing), the JV Agreement will lapse and have no further effect.

As the approval of the shareholders of GRV Holdings for the formation of the JV Company is not required, GR Vietnam (HK) and Food Company Ltd have agreed to waive condition (iii) above.

#### **Capital contribution**

Under the terms of the JV Agreement, the JV Company will be owned as to 51% by Food Company Ltd and the remaining 49% by GR Vietnam (HK) and the total invested capital and total legal capital of the JV Company are VND69,940 million and VND34,970 million respectively. In addition, upon formation of the JV Company, the parties to the JV Agreement shall contribute by way of shareholder's loan to the JV Company in proportion to their respective interest in the JV Company up to VND34,970 million. Based on the aforesaid, the total contribution to be made by GR Vietnam (HK) will amount to VND34,270.6 million (or approximately HK\$15,288,000).

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, as at the date of this announcement, the application for establishing the JV Company is still under consideration by the relevant government authorities in Vietnam and the JV Company has not yet been established.

#### **Option of acquisition**

Food Company Ltd further agreed to grant to GR Vietnam (HK) an option to require Food Company Ltd to sell its equity interests in the JV Company to GR Vietnam (HK) such that the aggregate amount of equity interest in the JV Company held by GR Vietnam (HK) will represent 75% of the entire equity interest in the JV Company as may be permitted by the then prevailing laws and regulations of Vietnam. The price for the exercise of the option granted by Food Company Ltd will be calculated at US\$110,000 (or approximately HK\$858,000) for each 1% of the entire interest of the JV Company.

Subject to Completion, a further announcement will be made by the Company in compliance with Chapter 14 of the Listing Rules upon exercise of the option by GR Vietnam (HK) to acquire up to 75% interest in the JV Company.

#### **Restriction on the sale and right of first refusal**

Each of the parties to the JV Agreement may not sell, assign, pledge, encumber or dispose of

any of their interests in the JV Company unless, inter alia, (i) the transferee has agreed in writing to be bound by the terms and conditions of the JV Agreement pursuant to a deed of adherence, (ii) a proportionate amount of the loan(s) made by the transferor to the JV Company or its subsidiaries shall also be transferred at the same time, and (iii) such transfer complies in all respects with applicable securities laws and regulations.

In the event that either GR Vietnam (HK) or Food Company Ltd intends to sell any of their interest in the JV Company, the other party will be entitled to a right of first refusal to purchase such interest and a tag-along right to sell its interest at the same price of that party.

#### **Board of directors**

The board of JV Company shall comprise 5 directors, of which 3 will be appointed by Food Company Ltd and 2 will be appointed by GR Vietnam (HK). Food Company Ltd shall have the right to nominate one of its appointees as the chairman of the board of the JV Company and GR Vietnam (HK) shall have the right to nominate one of its appointees as the chief executive director of the JV Company.

In the event that GR Vietnam (HK) holds 50% or more of the entire interest in the JV Company, after either the option granted by Food Company Ltd or the JV Company is exercised, GR Vietnam (HK) shall have the right to appoint three (3) directors to the board of the JV Company and Food Company Ltd shall have the right to appoint two (2) directors. GR Vietnam (HK) shall have the right to nominate one of its appointees as the chairman of the board of the JV Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the date of this announcement, the application for the establishment of the JV Company is in progress and has not been approved by the relevant authorities in Vietnam.

### **B. THE LICENSE AGREEMENT**

#### **Date**

30 April 2008

#### **Parties**

- (i) GR Vietnam International Limited, being the Target Company
- (ii) Circle K, a corporation organized under the laws of the State of Texas, USA and to the best of the Directors' knowledge, information and belief having made reasonable enquiries, each of Circle K and its ultimate beneficial owners are parties independent of and not connected with the Company and its connected persons

#### **Subject matter**

Under the License Agreement, Circle K grants to the Target Company an exclusive right to own and operate Circle K stores located in Vietnam for a period of twenty five (25) years commencing from the date of the License Agreement. Circle K has been one of North America's most popular and successful operators of convenience stores. Today, there are more than 3,000 Circle K stores across the USA and an additional 3,600 international locations.

### **REASONS FOR AND FINANCIAL EFFECTS OF THE ACQUISITION**

The Vendor is an investment holding company and a wholly-owned subsidiary of GRV Holdings. The principal activities of its subsidiaries are trading and distribution of electronic

products and other merchandise and securities investment and trading.

Reo Developments is an investment holding company and a wholly-owned subsidiary of the Company. The principal activities of the Group are sourcing, importing, wholesaling, processing, packaging, marketing and distribution of rice, securities investment, property investment and investment holding.

Despite the global economic downturn, Vietnam's economy performed relatively well, with a real gross domestic product (GDP) growth rate of 5.3% in 2009. Vietnam's domestic consumption remained robust in 2009, with retail sales growth at 18.6%. In the first five months of 2010, retail sales growth accelerated to 26.9% to provide additional impetus to Vietnam's growth. In view of the improving economic conditions and the rising living standards in Vietnam, the Board is optimistic of the growth potential of the retail market in Vietnam and considers that the Acquisition represents a good opportunity for the Group to establish a presence in the retail market in Vietnam. Accordingly, the Group entered into the Sale and Purchase Agreement to effect the Acquisition, the terms of which are in the opinion of the Board fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Acquisition is not expected to have any material effect on the earnings of the Group. Upon Completion, the cash balance of the Group will be decreased by HK\$33,200,000 which will be offset by an increase in the net tangible assets of the Group to the extent of approximately HK\$5,380,000 (subject to audit) and an increase in goodwill arising from consolidation of the Target Group to the extent of approximately HK\$27,820,000 (subject to audit).

#### **LISTING RULES IMPLICATION**

As the Consideration payable under the Acquisition and the Contribution together exceed 5% but less than 25% of the applicable percentage ratios, the transaction contemplated under the Sale and Purchase Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

#### **GENERAL**

Pursuant to the Sale and Purchase Agreement, the Group will be entitled to commence its due diligence investigation on the Target Group (including the JV Agreement and the License Agreement) only after the signing of the Sale and Purchase Agreement. Accordingly, the information contained in this announcement regarding the Target Group, the JV Agreement and the License Agreement (the "Relevant Information") has been extracted from public information disclosed by GRV Holdings prior to the date of this announcement and the Sale and Purchase Agreement and the Directors only accept responsibility for the correct extraction and reproduction of the Relevant Information in this announcement. The Company will make further announcement(s) in the event of any discrepancy between the Relevant Information disclosed in this announcement and the results of its due diligence investigation on the Target Group or in compliance with the Listing Rules generally, as and when appropriate.

#### **DEFINITIONS**

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



"Acquisition"	the proposed acquisition of the entire equity interest in the Target Company pursuant to the terms of the Sale and Purchase Agreement
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Business Day"	a day (excluding Saturday) on which banks in Hong Kong are open for business
"BVI"	the British Virgin Islands
"Circle K"	Circle K Stores Inc., a corporation organized under the laws of the State of Texas, USA, which is, and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, independent of the Company and its connected persons
"Company"	Golden Resources Development International Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on the Stock Exchange
"Completion"	completion of the Sale and Purchase Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the consideration of HK\$33,200,000 to be paid by Reo Developments to the Vendor upon Completion
"Contribution"	the amount of VND34,270.6 million (or approximately HK\$15,288,000) to be paid by the Target Group after Completion and upon the formation of the JV Company pursuant to the terms of the JV Agreement
"Director(s)"	the director(s) of the Company
"Food Company Ltd"	Food Company of Ho Chi Minh City Ltd., a state-owned enterprise established in Vietnam, which is, and its ultimate beneficial owners are, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, independent of the Company and its connected persons
"GR Vietnam (HK)"	GR Vietnam Retails Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Target Company
"Group"	the Company and its subsidiaries

"GRV Holdings"	GR Vietnam Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Stock Exchange (Stock Code: 139)
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"JV Agreement"	collectively, the joint venture agreement (as supplemented by various supplemental and amended agreements) entered into between GR Vietnam (HK) and Food Company Ltd
"JV Company"	an equity joint venture to be established by GR Vietnam (HK) and Food Company Ltd under the laws of Vietnam pursuant to the terms of the JV Agreement
"License Agreement"	a master franchise and license agreement dated 30 April 2008 entered into between the Target Company and Circle K
"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 and Taiwan
"Reo Developments"	Reo Developments Limited, a wholly-owned subsidiary of the Company
"Sale and Purchase Agreement"	the sale and purchase agreement dated 10 August 2010 entered into between the Vendor and Reo Developments in respect of the Acquisition
"Sale Share"	one (1) ordinary share of US\$1.00 in the share capital of the Target Company, representing its entire issued share capital
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholder's Loan"	the total sum of debt being the interest-free shareholder's loan advanced by the Vendor to the Target Company as at Completion
"Share(s)"	the share(s) of HK\$0.10 each in the issued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Target Company"	GR Vietnam International Limited, which is a wholly-owned subsidiary of the Vendor as at the date of this

announcement and will become a wholly-owned subsidiary of the Company upon Completion

"Target Group"	the Target Company and its subsidiaries
"US\$"	United States Dollars, the lawful currency of the USA
"USA"	The United States of America
"Vendor"	GR Vietnam Group Limited, which is a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of GRV Holdings
"Vietnam"	The Socialist Republic of Vietnam
"VND"	Vietnam Dong, the lawful currency of Vietnam
"%"	per cent.

By Order of the Board of  
**Golden Resources Development  
International Limited**  
**Alvin Leslie LAM Kwing Wai**  
*Chairman and Managing Director*

Hong Kong, 10 August 2010

*As at the date of this announcement, the executive directors of the Company are Mr. Alvin Leslie LAM Kwing Wai (Chairman and Managing Director), Mr. Anthony LAM Sai Ho (Vice Chairman), Madam Rosita YUEN LAM Kit Woo, Mr. Laurent LAM Kwing Chee and Mr. TSANG Siu Hung. The independent non-executive directors of the Company are Mr. John WONG Yik Chung, Mr. Leo CHAN Fai Yue and Mr. Richard LAU Siu Sun.*