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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
DISPOSAL OF INTEREST IN AN ASSOCIATE**

The Board wishes to announce that on 7 April 2014 after trading hours, City Court, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with, among others, the Purchaser whereby City Court agreed to sell and the Purchaser agreed to purchase the Sale Shares and the Shareholder's Loan for a total consideration of HK\$107,183,362.29 (subject to adjustments).

As the Consideration to be received by the Group under the Disposal exceeds 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 7 April 2014 after trading hours, City Court entered into the Sale and Purchase Agreement with, among others, the Purchaser whereby City Court agreed to sell and the Purchaser agreed to purchase the Sale Shares and the Shareholder's Loan.

THE SALE AND PURCHASE AGREEMENT

Date

7 April 2014

Parties

The Vendors: (1) City Court

(2) Sun City Holdings Limited, a company incorporated in Hong Kong

- (3) Potassium Corp., a company incorporated in BVI
- (4) Brinkley Holdings Ltd, a company incorporated in BVI
- (5) Hold Fast Company Limited, a company incorporated in Hong Kong

The Purchaser: White Heron Limited, a company incorporated in BVI

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Sun City Holdings Limited, Potassium Corp., Brinkley Holdings Ltd, Hold Fast Company Limited and the Purchaser and their respective ultimate beneficial owners are parties independent of and not connected with the Company and its connected persons.

Assets to be disposed of

The assets to be disposed of comprise (i) the Sale Shares, representing approximately 28% of the issued share capital of Dragon Fortune and (ii) the Shareholder's Loan, representing the debt due to City Court from Dragon Fortune. Upon Completion, the Group will cease to hold any interest in the Dragon Fortune Group.

Consideration

The consideration to be received by the Group from the Purchaser in relation to the Disposal shall be HK\$107,183,362.29 (subject to adjustments), which comprises (i) HK\$35,007,503.29 to be received on the Sale Shares and (ii) HK\$72,175,859 to be received on the Shareholder's Loan and is determined after arm's length negotiation between the parties with reference to the unaudited consolidated net asset value of Dragon Fortune as of 30 September 2013 and the amount of shareholder's loan together with interests accrued thereon due from Dragon Fortune to City Court as of 30 September 2013.

The Consideration will be paid to the Group by the Purchaser in cash in the following manner:

- (i) the deposit in the amount of HK\$21,436,672.46 was received by the escrow agent on the date of the Sale and Purchase Agreement and will be released to the Group by the escrow agent on the Completion Date;
- (ii) the remaining consideration in the amount of HK\$73,379,378.80 will be received by the Group on the Completion Date; and
- (iii) the withholding consideration in the amount of HK\$12,367,311.03 will be held by the Purchaser and will be used to offset any adjustments to the Consideration in the event that the Consideration is required to be adjusted downwards.

Depending on whether the Consideration is required to be adjusted upward or downward or at all, the Purchaser would be (i) required to pay the amount of the Adjusted Consideration (as defined below) after deducting the amount of or together with the withholding consideration to the Group, or (ii) entitled to forfeit the withholding consideration or (iii) paid by the Group

the amount of the Adjusted Consideration after deducting the amount of the withholding consideration, in all events within 10 Business Days after the date of receipt of the Completion Accounts by the Purchaser.

Adjustments to Consideration

Under the terms of the Sale and Purchase Agreement, the Consideration shall be adjusted if the Completion Net Assets are greater than or less than the Existing Net Assets. The Consideration shall be adjusted by the following formula:

$$\text{Adjusted Consideration} = \text{Consideration} \times (\text{Completion Net Assets} \div \text{Existing Net Assets})$$

where the “**Completion Net Assets**” refer to the unaudited consolidated net assets of the Dragon Fortune Group as at Completion Date as appeared on the Completion Accounts and as adjusted further as described below (where applicable); and the “**Existing Net Assets**” refer to the unaudited consolidated net assets of the Dragon Fortune Group as at 30 September 2013 as appeared on the unaudited consolidated balance sheet of the Dragon Fortune Group as at 30 September 2013. If the completion certificate(s) of Phase Six cannot be obtained on or before the Completion Date, the Completion Net Assets shall be adjusted upwards by the Adjustment Amount calculated in accordance with the following formula:

$$\text{Adjustment Amount} = (\text{Sales Proceeds Received} \div \text{Gross Sales Proceeds}) \times \text{Profit Estimate} \times 90\%$$

where the “**Sales Proceeds Received**” refer to the total amount of sales proceeds actually received from the sale of properties under Phase Six on or before the Completion Date; “**Gross Sales Proceeds**” refer to the total amount of gross sales proceeds (whether received or not) as stipulated under the contracts for the sale of properties under Phase Six entered into on or before the Completion Date; and the “**Profit Estimate**” refers to the estimated net profits after tax from the sale of all properties under Phase Six as agreed by the Purchaser.

Conditions precedent

Completion is conditional upon the following conditions:

- (i) completion of business, legal and financial due diligence of the Dragon Fortune Group to the satisfaction of the Purchaser;
- (ii) all approvals and consents (including banks, any government authorities and all relevant third parties) which are necessary for the entering into and the implementation of the Sale and Purchase Agreement and all transactions contemplated thereunder having been obtained and such approvals and consents not having been revoked or withdrawn at any time prior to Completion;
- (iii) completion certificate(s) of Phase Six having been obtained;
- (iv) full payment to the shareholders of Dragon Fortune upon Completion of the respective amounts of the non-interest bearing shareholders’ loans in the principal sum of HK\$59,000,000 lent to the Dragon Fortune Group by the shareholders of Dragon Fortune on a pro-rata basis for the purpose of repaying the banking facilities due to

Chong Hing Bank by the Dragon Fortune Group on 5 February 2014;

- (v) during the period from the date of the Sale and Purchase Agreement to the Completion Date, there not having been occurred or there not being in existence on the Completion Date any material adverse change; and
- (vi) the warranties under the Sale and Purchase Agreement remaining true and accurate and not misleading in all respects.

If any of the above conditions is not fulfilled to the satisfaction of the Purchaser or otherwise waived by the Purchaser in writing (subject to such terms and conditions as are determined by the Purchaser) on or before the Completion Date (or such later time and/or date as the Vendors and the Purchaser may determine), the Purchaser shall not be bound to proceed with the purchase of the Sale Shares and the assignment of the Shareholder's Loan and shall be entitled to terminate the Sale and Purchase Agreement.

Completion

Completion shall take place on (i) 15 April 2014; (ii) such other Business Days on or before 31 May 2014 if so requested by the Vendors jointly; or (iii) such other date as shall be agreed in writing between the Vendors and the Purchaser, provided that the conditions precedent under the Sale and Purchase Agreement have been fulfilled or waived (as the case may be).

A deed of assignment in relation to, among others, the Shareholder's Loan will be executed by the Vendors as assignors, the Purchaser and Dragon Fortune upon Completion.

Conditions subsequent

The transfer of the Sale Shares and assignment of the Shareholder's Loans from City Court to the Purchaser are subject to, among others, the following conditions subsequent:

- (i) within 10 Business Days after the Completion Date, the Vendors shall furnish to the Purchaser the Completion Accounts;
- (ii) release of any pledge, mortgage, charge or security against any share or asset of certain members of the Dragon Fortune Group as set out in the Sale and Purchase Agreement; and
- (iii) release of any corporate or personal guarantee provided by, among others, the Company in respect of the indebtedness of certain members of the Dragon Fortune Group which shall only become effective upon Completion.

If any of the above conditions subsequent is not fulfilled to the satisfaction of the Purchaser or otherwise waived by the Purchaser in writing (subject to such terms and conditions as are determined by the Purchaser), the transfer of the Sale Shares and assignment of the Shareholder's Loan shall be unwinded as if the Completion has never occurred.

INFORMATION ON THE DRAGON FORTUNE GROUP

Dragon Fortune is the holding company of various subsidiaries which are principally engaged in, among other things, golf club and resort operation and property development.

The unaudited consolidated net loss before and after taxation and extraordinary items attributable to Dragon Fortune for the financial year ended 30 June 2013 were approximately HK\$25,915,000 and HK\$23,400,000, respectively and that for the financial year ended 30 June 2012 were approximately HK\$51,124,000 and HK\$51,362,000, respectively.

The unaudited consolidated net asset value of Dragon Fortune as at 30 September 2013 is approximately HK\$197,000,000.

INFORMATION ON THE COMPANY

City Court 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, operation of convenience stores and restaurants and investment holding.

The book value of the Sale Shares, which represent approximately 28% interest in Dragon Fortune, as recorded in the unaudited financial statements contained in the interim report of the Company for the six months ended 30 September 2013 was approximately HK\$64 million.

REASONS FOR AND FINANCIAL EFFECTS OF THE DISPOSAL

To the best of the Directors' knowledge, information and belief having made reasonable enquiries, the Purchaser is an investment holding company and an independent third party. The principal activity of its subsidiary is investment holding.

In view of the unsatisfactory financial performance of Dragon Fortune, the Company considers that the Disposal represents a good opportunity to realize its investments in Dragon Fortune and can provide capital and resources for its business operation and any potential new investment opportunities that might arise in the future.

Accordingly, the Group entered into the Sale and Purchase Agreement to effect the Disposal, 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.

Prior to the Disposal, the Company accounted the Sale Shares as an investment in an associated company and the financial results of Dragon Fortune were reflected in the consolidated financial statements of the Company by using the equity method of accounting. Following the Completion, Dragon Fortune will cease to be an associated company of the Company and the Company will record a gain on disposal of approximately HK\$ 42 million (subject to adjustments to consideration and subject to audit).

The net proceeds arising from the Disposal are expected to be approximately HK\$107 million. The Directors intend to apply all the net proceeds for general working capital of the Group.

LISTING RULES IMPLICATION

As the Consideration to be received by the Group under the Disposal exceeds 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.

DEFINITIONS

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

“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which banks are open for business in Hong Kong
“BVI”	the British Virgin Islands
“City Court”	City Court Properties Limited, a company incorporated in BVI and a wholly-owned subsidiary of the Company
“Company”	Golden Resources Development International Limited, a company incorporated in Bermuda with limited liability and whose Shares are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Sale and Purchase Agreement
“Completion Accounts”	the unaudited consolidated balance sheet of the Dragon Fortune Group as at the Completion Date
“Completion Date”	the date of Completion
"connected person(s)"	has the same meaning ascribed to it under the Listing Rules
"Consideration"	the consideration of HK\$107,183,362.29 (subject to adjustments) to be paid by the Purchaser to City Court upon Completion
"Director(s)"	the director(s) of the Company
"Disposal"	the proposed transfer of the Sale Shares and the assignment of the Shareholder’s Loan by City Court to the Purchaser pursuant to the terms of the Sale and Purchase Agreement
“Dragon Fortune”	Dragon Fortune Limited, a company incorporated in BVI and owned as to approximately 28% by City Court prior to

	Completion
“Dragon Fortune Group”	Dragon Fortune, its subsidiaries and associated companies
"Group"	the Company and its subsidiaries
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
“Phase Six”	phase six (VI) of the Palm Island Resort located in Huiyang, the PRC
"PRC"	the People's Republic of China, which for the purpose of this announcement excludes Hong Kong
“Purchaser”	White Heron Limited, a company incorporated in BVI and an indirect wholly-owned subsidiary of New World China Land Ltd
"Sale and Purchase Agreement"	the Agreement for the Sale and Purchase of the Sale Shares and Assignment of Shareholders’ Loans dated 7 April 2014 entered into between City Court and, among others, the Purchaser in respect of the Disposal
"Sale Shares"	16,213 ordinary shares of US\$1.00 each in the share capital of Dragon Fortune, representing approximately 28% of its issued share capital
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholder's Loan"	the debt being the shareholder's loan advanced by City Court to Dragon Fortune in the sum of HK\$72,175,859 as at 30 September 2013
"Share(s)"	ordinary share(s) of HK\$0.10 each in the issued share capital of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Vendors"	collectively, City Court, Sun City Holdings Limited, Potassium Corp., Brinkley Holdings Ltd and Hold Fast Company Limited
"% "	per cent.

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

Hong Kong, 7 April 2014

As at the date of this announcement, the executive directors of the Company are Mr. Alvin Leslie LAM Kwing Wai (Chairman), Mr. Laurent LAM Kwing Chee (Vice Chairman), Mr. Anthony LAM Sai Ho (Managing Director), Madam LAM Kit Woo and Mr. TSANG Siu Hung. The independent non-executive directors of the Company are Mr. John WONG Yik Chung, Mr. Michael YU Tat Chi and Mr. Ronald YAN Mou Keung.