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# **GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 677)**

## **DISCLOSEABLE TRANSACTION DISPOSAL OF SHANGHAI TIAN AN BEARING CO., LTD.**

**Financial Adviser to the Company**

 **Baron Capital Limited**

The Board is pleased to announce that on 13 June 2005 the Vendor, an indirect wholly-owned subsidiary of the Company, entered into the S&P Agreement with the Purchaser whereby the Vendor agrees to sell and the Purchaser agrees to purchase 30% equity interest in Shanghai TAB at an aggregate cash consideration of approximately RMB50 million (equivalent to approximately HK\$47.17 million). To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Group and connected persons (as defined in the Listing Rules) of the Group.

The Directors consider that the terms of the Disposal are fair and reasonable and the Disposal is in the interest of the Company and the Shareholders as a whole.

Since the relevant percentage ratios in respect of the Disposal exceed 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules.

A circular of the Company containing, amongst other things, detailed information regarding the Disposal will be despatched to the Shareholders as soon as practicable.

## **THE S&P AGREEMENT**

Date : 13 June 2005

### **Parties**

Vendor : Sun Kai Yip, an indirect wholly-owned subsidiary of the Company

Purchaser : 上海電氣軸承有限公司, a company incorporated in the PRC with limited liability

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Group and connected persons (as defined in the Listing Rules) of the Group.

### **Assets to be disposed of**

30% equity interest in Shanghai TAB. Based on the unaudited consolidated accounts of the Group as at 31 March 2005, the carrying value of this 30% equity interest in Shanghai TAB amounted to approximately HK\$25.08 million.

### **Consideration**

Pursuant to the S&P Agreement, the consideration for the Disposal is RMB50 million (equivalent to approximately HK\$47.17 million), representing a significant premium over the carrying value of the 30% equity interest in Shanghai TAB based on the unaudited consolidated accounts of the Group as at 31 March 2005. Payment for the consideration shall be made by cash in RMB.

The Consideration is arrived at after arm's length negotiation between the Vendor and the Purchaser and with reference to the carrying value of HK\$25.08 million of the unaudited consolidated accounts (prepared in accordance with the Hong Kong GAAP) of the Group as at 31 March 2005 and the future prospects of Shanghai TAB. Pursuant to the S&P Agreement, there is no restriction to the Purchaser in subsequent sale of the 30% interest in Shanghai TAB.

**Payment terms**

1. An initial deposit in the sum of RMB10 million (equivalent to approximately HK\$9.43 million) will be paid by the Purchaser to the designated account of the Vendor within 2 days upon signing of the S&P Agreement. The Vendor will apply for approval from the relevant government authority for the transfer of the Shanghai TAB equity interest to the Purchaser;
2. A further amount of RMB25 million (equivalent to approximately HK\$23.59 million) will be payable by the Purchaser within 3 days upon the granting of the approval by the relevant approving authority to effect the change of ownership of Shanghai TAB under the S&P Agreement; and
3. The balance of the consideration of RMB15 million (equivalent to approximately HK\$14.15 million) will be payable by the Purchaser within 3 days upon the particulars of changes having been registered with the Administration of Industry and Commerce or within 45 days upon granting of the approval from the relevant government authority.

**Conditions**

Completion is conditional upon obtaining of all necessary approvals, consents, authorization and licenses, in relation to the transactions contemplated under the S&P Agreement for Completion having been obtained from the relevant PRC authorities and particulars of changes having been registered with the relevant Administration of Industry and Commerce.

**INFORMATION ON THE PARTIES**

The Company is an investment holding company, and the principal activities of its subsidiaries are engaged in sourcing, importing, wholesaling, processing, packaging, marketing and distribution of rice, as well as warehouse operations, securities investment, property investment and investment holding.

Sun Kai Yip, an indirect wholly-owned subsidiary of the Company, is a wholly foreign-owned enterprise duly established in Shanghai, the PRC. Sun Kai Yip is principally engaged in investments in Shanghai, the PRC. The major holdings of Sun Kai Yip include 30% of the equity interest of Shanghai TAB and 35% of the equity interest of EGT.

Shanghai TAB is a sino-foreign joint equity venture, established in Shanghai of the PRC and the principal activities are engaged in the manufacture and distribution of small scale of bearing products.

The Purchaser through its direct wholly-owned subsidiary, 上海微型軸承廠, owns and holds the 70% equity interest in Shanghai TAB. The principal activities of the Purchaser are engaged in the manufacture and distribution of large and sophisticated scale of bearing products. Save as disclosed above,

to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Group and connected persons (as defined in the Listing Rules) of the Group.

### **FINANCIAL INFORMATION OF SHANGHAI TAB**

According to the unaudited consolidated accounts of the Group, the carrying value of 30% equity interest in Shanghai TAB as at 31 March 2005 is approximately HK\$25.08 million.

Summary of the audited accounts of Shanghai TAB for the two years ended 31 December 2004 audited by PRC auditors based on the PRC GAAP, are as follows:

|                        | <b>For the year ended 31 December</b> |                         |
|------------------------|---------------------------------------|-------------------------|
|                        | <b>2004</b>                           | <b>2003</b>             |
|                        | <i>(RMB in million)</i>               | <i>(RMB in million)</i> |
| Turnover               | 122.3                                 | 110.1                   |
| Profit before taxation | 10.0                                  | 6.1                     |
| Profit after taxation  | 7.3                                   | 4.4                     |

### **REASONS FOR THE DISPOSAL**

Based on the unaudited consolidated accounts of the Group as at 31 March 2005, the 30% equity interest of Shanghai TAB was recorded as an interest in an associate at carrying value of approximately HK\$25.08 million. The Directors consider that the Disposal is a good opportunity to realize its investment in view of the fact that the consideration representing a significant premium over the carrying value of the 30% equity interest in Shanghai TAB and the Group expects to realize an estimated gain of approximately HK\$10.75 million after deducting expenses directly relating to the Disposal with an aggregate estimated amount of approximately HK\$11.34 million, which includes the taxation expense of approximately HK\$4.94 million and professional and consultancy fees of approximately HK\$6.4 million, subject to audit of the Group for the financial year ending 31 March 2006. The proceeds from the Disposal thereof could strengthen both the cash-flow and working capital position for the operations of the core business of the Group and accordingly maximize its Shareholders value. The Group intends to use the net proceeds of the Disposal for general working capital purposes.

Taking into account the above reasons and factors, the Directors believe that the terms of the Disposal are fair and reasonable and the Disposal is in the interest of the Company and the Shareholders as a whole.

### **GENERAL**

Since the relevant percentage ratios in respect of the Disposal exceed 5% but less than 25%, the Disposal constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

A circular of the Company containing, amongst other things, detailed information regarding the Disposal will be despatched to the Shareholders as soon as practicable.

## **DEFINITIONS**

|                 |   |
|-----------------|---|
| “associates”    | has the meaning ascribed thereto in the Listing Rules   |
| “Board”         | the board of Directors  |
| “Business Day”  | any day (other than Saturday) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours   |
| “Company”       | Golden Resources Development International Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange      |
| “Completion”    | completion of the S&P Agreement   |
| “Consideration” | the aggregate consideration of the Disposal of RMB50 million (equivalent to approximately HK\$47.17 million) payable by the Purchaser to the Vendor pursuant to the S&P Agreement |
| “Directors”     | the directors (including the non-executive director and the independent non-executive directors) of the Company   |
| “Disposal”      | the disposal of the 30% equity interest in Shanghai TAB by the Vendor to the Purchaser  |
| “EGT”           | 上海恒泰紡織品有限公司, a sino-foreign joint equity venture established in Shanghai of the PRC   |
| “GAAP”          | Generally accepted accounting principles, standards, practices and policies   |
| “Group”         | the Company and its subsidiaries  |
| “Hong Kong”     | the Hong Kong Special Administrative Region of the PRC  |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “PRC”           | The People’s Republic of China  |
| “Purchaser”     | 上海電氣軸承有限公司, a company incorporated in the PRC with limited liability  |

|                  |   |
|------------------|---|
| “S&P Agreement”  | the conditional sale and purchase agreement entered into between the Vendor and the Purchaser on 13 June 2005 in relation to the sale and purchase of the 30% equity interest in Shanghai TAB |
| “Shanghai TAB”   | Shanghai Tian An Bearing Co., Ltd. (上海天安軸承有限公司), a sino-foreign joint equity venture established in Shanghai of the PRC   |
| “Share(s)”       | share(s) of a nominal value of HK\$0.10 each in the share capital of the Company  |
| “Shareholder(s)” | holder of the Share(s)  |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited   |
| “Sun Kai Yip”    | being the vendor of the parties to the S&P Agreement  |
| “Vendor”         | Sun Kai Yip (Shanghai) Industrial Investment Co., Ltd. (新基業(上海)工業投資有限公司), a wholly foreign-owned enterprise established in Shanghai of the PRC  |
| “HK\$”           | Hong Kong dollars, the lawful currency of Hong Kong   |
| “RMB”            | Renminbi, the lawful currency of the PRC  |
| “%”              | per cent.   |

*For the purpose of this announcement, the translation between RMB and HK\$ is based on the exchange rate of RMB1.06=HK\$1.00.*

By order of the Board  
**Golden Resources Development International Limited**  
**Alvin LAM Kwing Wai**  
*Managing Director*

Hong Kong, 14 June 2005

*As at the date of this announcement, the Executive Directors are Mr. David LAM Kwing Chan (Chairman), Mr. Alvin LAM Kwing Wai (Managing Director), Madam Rosita YUEN LAM Kit Woo, Mr. Laurent LAM Kwing Chee and Mr. TSANG Siu Hung. The Non-executive Director is Madam LAM TSANG Suk Yee. The Independent Non-Executive Directors are Mr. Andrew LAM Ping Cheung, Mr. Leo CHAN Fai Yue and Mr. John WONG Yik Chung.*

“Please also refer to the published version of this announcement in The Standard.”