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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)**

### **MAJOR TRANSACTION IN RESPECT OF CONSTRUCTION PROJECT**

**AND**

### **RESUMPTION OF TRADING**

**Financial Advisers to the Company**



**Baron Capital Limited**



**Baron Asset Management Limited**

The Board wishes to announce that on 21 June 2009, Great Lead, an indirect wholly-owned subsidiary of the Company, entered into the Construction Agreement with the People's Committee of Tien Giang Province, the municipal government of Vietnam in the Tien Giang Province and an independent third party to the Company, and intended to construct and transfer a water distribution network in the east area of Tien Giang Province, Vietnam to the People's Committee of Tien Giang Province by way of BT (Build-Transfer) model.

Pursuant to the Construction Agreement, the construction costs for the Project are approximately VND328 billion (equivalent to approximately HK\$142.86 million) which exceed 25% but less than 100% of the market capitalization of the Company as at the date of this announcement. As such, the construction of the Project under the terms of the Construction Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to approval of the Shareholders. Pursuant to Rule 14.44 of the Listing Rules, in the event that (i) no Shareholder is required to abstain from voting should the Company convene a general meeting and (ii) a written Shareholders' approval has been obtained from a closely allied group of Shareholders who together hold more than 50% in the issued share capital of the Company, the written Shareholders' approval can be accepted in lieu of holding a general meeting of the Company for the Shareholders to approve the transactions contemplated under the Construction Agreement. Yuen Loong and Chelsey, who are a closely allied group of Shareholders collectively holding approximately 51.32% in nominal value of the Shares as at the date of this announcement giving the right to attend and vote at a general meeting of the Company will provide a written approval in respect of the transactions contemplated under the Construction Agreement to the Company. A circular containing, among other things, further details of the construction of the Project and the Construction Agreement will be despatched to the Shareholders as soon as practicable.

At the request of the Company, trading of Shares was suspended with effect from 9:30 a.m. on 22 June 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of Shares with effect from 9:30 a.m. on 26 June 2009.

## **THE CONSTRUCTION AGREEMENT**

### **Background**

The principal terms of the Construction Agreement are as follows:-

**Date:** 21 June 2009

**Parties:** (1) Great Lead, an indirect wholly-owned subsidiary of the Company; and  
(2) the People's Committee of Tien Giang Province, the municipal government of Vietnam in the Tien Giang Province

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the People's Committee of Tien Giang Province and its ultimate beneficial owner(s) are independent of and not connected with the Company and its connected persons.

Pursuant to the terms of the Construction Agreement, Great Lead is appointed by the People's Committee of Tien Giang Province to construct a water distribution network in the east area of Tien Giang Province, Vietnam. After the construction, the Project will then be transferred to the People's Committee of Tien Giang Province by way of BT (Build-Transfer) model in accordance with the terms of the Construction Agreement.

### **Scope of Project**

The Project under the Construction Agreement will be carried out in two phases.

During phase 1 of the Project (commence from the date when the investment certificate is granted to Great Lead to 30 September 2010), Great Lead agrees to complete:-

- (i) the construction of the pipeline to carry clean water;
- (ii) the construction of one booster pumping station at Go Cong with a capacity of 40,000 cubic meters per day; and
- (iii) the construction improvement and upgrade of the water distribution networks in the east area of Tien Giang Province, Vietnam.

During phase 2 of the Project (tentatively commence from January 2012 to 31 December 2012), Great Lead agrees to upgrade the capacity of the booster pumping station at Go Cong and to improve the water distribution network in towns and to receive and supply clean water with the overall capacity of 90,000 cubic meters per day.

### **Contract sum**

The total contract sum of the Project comprises (i) construction costs and (ii) cost of capital during the period, which the construction costs of the Project have not been repaid in full and will be paid by the People's Committee of Tien Giang Province to Great Lead as follows:

- (i) The estimated construction costs of the Project are approximately VND328 billion (equivalent to approximately HK\$142.86 million) which will be initially borne by Great Lead and repaid to Great Lead by 10 semi-annual instalments in March and September each year after the handover of the Project in phases. The amount of each installment will be one-tenth of the actual costs incurred for each phase. These construction costs will be adjusted by any additional works required which are not covered by the Construction Agreement such as any variation, adjustment or supplement of the requirements, designs,

specifications and facilities or any increase or decrease in the volume of works to be performed by Great Lead under the terms of the Construction Agreement by more than 5%, in both cases to be agreed between the parties and in accordance with the prevailing regulations of the Ministry of Construction of Vietnam. Accordingly, any increase in the volume of works to be performed by Great Lead under the terms of the Construction Agreement of less than 5% will be borne by Great Lead; and

- (ii) The cost of capital of the Project equivalent to 10% per year of the construction costs of the Project incurred by Great Lead, which has not been paid by the preceding instalments, will be paid to Great Lead by 10 semi-annual instalments in March and September each year after the handover of the Project in phases.

The estimated construction costs of the Project was determined with reference to the budget prepared by the Company in accordance with the blueprint and the building plans of the water distribution network and the actual payments will be subjected to the approval from the Ministry of Planning and Investment of Vietnam.

### **Handover of the Project**

Pursuant to the terms of the Construction Agreement, it is expected that Great Lead will handover the Project to the People's Committee of Tien Giang Province in the following manner:-

- (i) Phase 1 of the Project will be handed over to the People's Committee of Tien Giang Province before 30 September 2010; and
- (ii) Phase 2 of the Project will be handed over to the People's Committee of Tien Giang Province before 31 December 2012.

### **Source of fund**

The estimated construction costs for the Project are approximately VND328 billion (equivalent to approximately HK\$142.86 million) and will be initially borne by Great Lead and repaid to Great Lead as described in the section headed "Contract sum" above. These construction costs will be financed by the following means:-

- (i) approximately VND131 billion (equivalent to approximately HK\$57.06 million), representing 40% of the estimated construction costs, will be financed by the Group's internal resources; and
- (ii) approximately VND197 billion (equivalent to approximately HK\$85.80 million), representing 60% of the estimated construction costs, will be financed by bank borrowings.

### **Conditions precedent to the Construction Agreement**

The commencement of the construction of the Project under the Construction Agreement is conditional upon, among other things,

- (i) the execution of the Construction Agreement;
- (ii) the investment certificate having been issued by the Ministry of Planning and Investment of Vietnam; and
- (iii) the obtaining of the approval from the Stock Exchange in respect of the Construction Agreement.

### **Performance guarantee**

To ensure the due performance of the Construction Agreement by Great Lead, Great Lead will provide to the People's Committee of Tien Giang Province a certificate of bank guarantee issued by a bank operated in Vietnam with a carrying amount of 2% of the construction costs of phase 1 of the Project within 30 days from

which an investment certificate is granted by the Ministry of Planning and Investment of Vietnam. This bank guarantee will be released upon the handover of phase one of the Project.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE CONSTRUCTION AGREEMENT**

The Group is an investment holding company, and the principal activities of its subsidiaries are sourcing, importing, wholesaling, processing, packaging, marketing and distribution of rice, securities investment, property investment and investment holding.

As stated in the 2008/2009 interim report of the Company, the Group remained focus on its core rice business. However, since the Hong Kong rice business continued to be challenging and competitive, the Group is operating its rice business in a difficult business environment. In light of this, the Group is actively pursuing other investment opportunities, which can bring in new income streams to the Group in the long term. The Group is of the view that Vietnam has offered tremendous business opportunities and as stated in the 2008 annual report of the Company, the Group has entered into agreements to participate in the development of three infrastructure projects in Vietnam. The entering of the Construction Agreement is consistent with the Group's plans for developing infrastructure projects in Vietnam and the expected cost of capital of the Project to be received from the People's Committee of Tien Giang Province can provide further income stream to the Group in the long term.

The Directors are of the view that the entering of the Construction Agreement are in the interest of the Group and the terms of the Construction Agreement are on normal commercial terms, which are fair and reasonable so far as the Shareholders as a whole are concerned.

## **IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to the terms of the Construction Agreement, the construction costs for the Project are approximately VND328 billion (equivalent to approximately HK\$142.86 million) which exceed 25% but less than 100% of the market capitalization of the Company as at the date of this announcement. As such, the construction of the Project under the terms of the Construction Agreement constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to approval of the Shareholders. Pursuant to Rule 14.44 of the Listing Rules, in the event that (i) no Shareholder is required to abstain from voting should the Company convene a general meeting and (ii) a written Shareholders' approval has been obtained from a closely allied group of Shareholders who together hold more than 50% in the issued share capital of the Company, the written Shareholders' approval can be accepted in lieu of holding a general meeting of the Company for the Shareholders to approve the transactions contemplated under the Construction Agreement.

As at the date of this announcement, Mr. Alvin Leslie LAM Kwing Wai, Mr. Laurent LAM Kwing Chee and Madam Rosita YUEN LAM Kit Woo, all being Directors and their siblings and immediate family members together held, either personally or through their respective discretionary trusts, 100% of the issued share capital of both Yuen Loong and Chelsey, which in turn collectively held approximately 51.32% in nominal value of the Shares giving the right to attend and vote at a general meeting of the Company. Yuen Loong and Chelsey, who have always voted in the same way in respect of shareholders' resolutions of the Company other than routine resolutions at an annual general meeting and are a closely allied group of Shareholders "acting in concert" for the purposes of the Hong Kong Codes on Takeovers and Mergers, will provide a written approval in respect of the transactions contemplated under the Construction Agreement to the Company.

Yuen Loong and Chelsey are aware that they should not deal in the Shares immediately before and upon the publication of this announcement. A circular containing, among other things, further details of the construction of the Project and the Construction Agreement will be despatched to the Shareholders as soon as practicable.

## GENERAL

At the request of the Company, trading of Shares was suspended with effect from 9:30 a.m. on 22 June 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading of Shares with effect from 9:30 a.m. on 26 June 2009.

## DEFINITIONS

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

"Board"	the board of Directors
"Chelsey"	Chelsey Developments Ltd., a company incorporated in the British Virgin Islands with limited liability and held 236,940,000 Shares as at the date of this announcement
"Company"	Golden Resources Development International Limited (Stock Code: 677), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the Main Board of the Stock Exchange
"connected person(s)"	shall have the meaning ascribed to it under the Listing Rules
"Construction Agreement"	the construction agreement dated 21 June 2009 entered into between Great Lead and the People's Committee of Tien Giang Province relating to the Project
"Director(s)"	Director(s) of the Company
"Great Lead"	Great Lead International Limited, a company incorporated in the British Virgin Island with limited liability and an indirect wholly-owned subsidiary of the Company
"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 People's Republic of China
"Listing Rules"	The Rules Governing the Listing of Securities on the Stock Exchange
"Project"	the construction project to be carried out by Great Lead for the construction of a water distribution network in the east area of Tien Giang Province, Vietnam
"Share(s)"	ordinary share(s) of HK\$0.10 each in the capital of the Company
"Shareholder(s)"	the shareholder(s) of 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
"Vietnam"	The Socialist Republic of Vietnam

<b>"VND"</b>	Vietnam Dong, the lawful currency of Vietnam
<b>"Yuen Loong"</b>	Yuen Loong International Limited, a company incorporated in the British Virgin Islands with limited liability and held 485,052,026 Shares as at the date of this announcement
<b>"%"</b>	per cent

For the purpose of this announcement, conversion of VND into HK\$ is calculated at the exchange rate of HK\$1.00 to VND2,296.

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

Hong Kong, 25 June 2009

*As at the date of this announcement, the executive directors of the Company are Mr. Alvin Leslie LAM Kwing Wai (Chairman and Managing Director), Madam Rosita YUEN LAM Kit Woo, Mr. Laurent LAM Kwing Chee, Mr. Anthony LAM Sai Ho 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.*