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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)

PLACING OF CONVERTIBLE NOTES AND RESUMPTION OF TRADING

Placing Agent



結好證券有限公司
GET NICE SECURITIES LIMITED

The Company and the Placing Agent entered into the Placing Agreement on 17 February 2009 whereby the Company has appointed the Placing Agent as its agent to procure, on a best effort basis, no less than six Placees to subscribe for Convertible Notes in cash with a principal amount of HK\$72,800,000. All the Placees and their respective ultimate beneficial owners will be third parties independent of the Company and are not connected persons of the Company and its subsidiaries or any of their respective associates.

Assuming all the Convertible Notes are successfully placed by the Placing Agent, upon full conversion of the Convertible Notes at the Initial Conversion Price, a total of 280,000,000 new Shares will be issued, representing approximately 19.90% of the existing issued share capital of the Company and approximately 16.60% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares at the Initial Conversion Price.

No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon the exercise of the Conversion Rights.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 18 February 2009 pending release of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:30 a.m. on 19 February 2009.

PLACING AGREEMENT DATED 17 FEBRUARY 2009

Parties

Issuer: The Company
Placing Agent: Get Nice Securities Limited

Placing Agent and the Placees

Get Nice Securities Limited has been appointed to act, on a best effort basis, as placing agent for the Company for the Placing.

The Placing Agent will place the Convertible Notes with not less than six Placees who and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company and its subsidiaries or any of their respective associates. In consideration of the services of the Placing Agent, the Company shall pay to the Placing Agent a fee equal to 1% of the aggregate principal amount of the Convertible Notes for which it has procured Placees to subscribe. None of the Placees will become a substantial shareholder (as defined under the Listing Rules) of the Company upon conversion of the Convertible Notes.

Each of the Placing Agent and its ultimate beneficial owner is a third party independent of the Company and are not connected persons of the Company and its subsidiaries or any of their respective associates.

Conditions of the Placing

Completion of the Placing is conditional upon:

- (i) the Listing Committee of the Stock Exchange having granted (either unconditionally or subject only to conditions to which the Company and the Placing Agent do not reasonably object) the listing of, and permission to deal in, the Conversion Shares; and
- (ii) (if required) the approval of the Bermuda Monetary Authority of the issue of the Convertible Notes and the Conversion Shares.

If either of the above conditions is not fulfilled on or before 31 March 2009 (or such date as the Company and the Placing Agent may agree), the Placing Agreement will terminate and the Placing will not proceed.

The Convertible Notes will be created and issued to the Placees on the fourth (4th) Business Day after the day on which the Placing Agent is notified by the Company about the fulfilment of the above conditions.

Summary of the terms of the Convertible Notes

Aggregate principal amount:	HK\$72,800,000
Number of Conversion Shares:	280,000,000 Shares (with a nominal value of HK\$28,000,000), representing approximately 19.90% of the existing issued share capital of the Company and approximately 16.60% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares at the Initial Conversion Price
Initial Conversion Price:	HK\$0.26 per Share, subject to adjustments in certain events including, among other things, share consolidation, share subdivision, capitalization issue, capital distribution and rights issue
Interest:	2% per annum on the principal amount of the Convertible Notes from time to time outstanding payable semi-annually
Maturity:	The fifth anniversary from the date of issue of the Convertible Notes
Transferability:	The Convertible Notes are freely transferable but may not be transferred to a connected person of the Company without the prior written consent of the Company
Early redemption:	The Convertible Notes may, at any time between the date of issue thereof and the date which is fourteen (14) days before (but excluding) the Maturity Date, be redeemed by the Company at 100% of their face value
Conversion period:	The Noteholders shall have the right to convert their Convertible Notes into Conversion Shares at any time following the date of issue of the Convertible Notes until the date fourteen (14) days before (but excluding) the Maturity Date at the Initial Conversion Price, subject to adjustments and provided that the conversion price shall not be less than the par value of a Share
Company's right to reject conversion:	The Company may in its absolute discretion and without giving any reasons therefor reject any conversion of the Convertible Notes by a Noteholder, either wholly or partially, by giving written notice to that effect to that Noteholder within seven (7) Business Days after the date on which a notice of conversion is served by that Noteholder
Voting:	The Noteholders will not be entitled to receive notice of, attend or vote at any meeting of the Company by reason only of it being a Noteholder

Listing: No application will be made for the listing of the Convertible Notes on the Stock Exchange or any other stock exchange. An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares to be allotted and issued upon the exercise of the Conversion Rights

Ranking:

- The Convertible Notes will rank pari passu with all other present and future unsecured and unsubordinated obligations of the Company
- The Conversion Shares to be allotted and issued as a result of the exercise of the Conversion Rights will rank pari passu in all respects with all other existing Shares outstanding at the date of conversion of the Convertible Notes

Basis of Initial Conversion Price

The Initial Conversion Price of HK\$0.26 per Share represents:

- (i) a premium of approximately 4.42% over the closing price of HK\$0.249 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a premium of approximately 9.70% over the average closing price of approximately HK\$0.237 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and
- (iii) a premium of approximately 13.54% over the average closing price of approximately HK\$0.229 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Initial Conversion Price was determined after arm's length negotiation between the Company and the Placing Agent with reference to the prevailing market prices of the Shares.

Reasons for the Placing and use of proceeds

Assuming all the Convertible Notes are successfully placed by the Placing Agent, the total gross proceeds from the Placing amount to HK\$72,800,000. After deducting related expenses of approximately HK\$900,000, the net proceeds from the placing amount to approximately HK\$71,900,000 and the net price per Conversion Share is approximately HK\$0.26.

As announced by the Company on 12 September 2008, 18 September 2008 and 12 November 2008, the terms of the Existing Convertible Notes have been amended to allow for their early redemption at the option of the Company and since then, the Company has already redeemed Existing Convertible Notes with a principal amount of HK\$13,000,000. It is intended that the net proceeds of the Placing will be used for the redemption of the outstanding principal amount of the Existing Convertible Notes of HK\$72,500,000 together with accrued interests.

The Directors consider that the Placing represents a good opportunity for the Company to replace the Existing Convertible Notes with the Convertible Notes, which will reduce the overall cost of funding to the Group. Upon the early redemption of the Existing Convertible Notes before the end of March 2009, there will be a net saving in interest expenses of the Company of approximately HK\$2,300,000. Moreover, the interest rate of the Convertible Notes of 2% per annum is low in comparison with the current rates being offered to the Group by banks and other financial institutions on similar borrowings and the longer repayment term of the Convertible Notes will give the Company more flexibility in its financial planning. While full conversion of the Convertible Notes will cause the shareholding of the existing Shareholders to be diluted by approximately 16.60%, which is approximately 1.62 times more than that of the Existing Convertible Notes (before their partial redemption), the Conversion Shares are expected to be issued over a 5-year period and after taking into account the net saving in interest expenses, the low interest rate and the longer repayment term of the Convertible Notes, the Directors consider the dilutive effect of the Convertible Notes to be acceptable. Based on the foregoing, the Directors therefore consider that the terms of the Placing Agreement (including the Initial Conversion Price) are, on balance, fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Mandate to allot and issue the Conversion Shares

The Conversion Shares falling to be issued upon exercise of the Conversion Rights will be issued under the general mandate granted to the Directors at the annual general meeting of the Company held on 26 August 2008 which permits the issue and allotment of up to 281,381,292 Shares, representing approximately 20% of the issued share capital of the Company as at 26 August 2008. No part of such mandate had been utilized as at the date of this announcement and no shareholders' approval would be required for the issue and allotment of the Conversion Shares upon the exercise of the Conversion Rights.

As at the date of this announcement, there are no outstanding options, warrants or other equity derivatives of the Company in issue.

Effect on shareholding structure

As at the date of this announcement, the issued share capital of the Company comprised 1,406,906,460 Shares.

Based on the Initial Conversion Price of HK\$0.26 per Share and assuming full conversion of the Convertible Notes, the Convertible Notes will be convertible into 280,000,000 Conversion Shares, representing approximately 19.90% of the issued share capital of the Company as at the date of this announcement and approximately 16.60% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares at the Initial Conversion Price.

The shareholding structure of the Company (i) as at the date of this announcement and (ii) immediately upon the full exercise of the Conversion Rights at the Initial Conversion Price of HK\$0.26 per Share are as follows:

Shareholder	As at the date of this announcement		Immediately upon the full exercise of the Conversion Rights at the Initial Conversion Price of HK\$0.26 per Share	
	No. of Shares	Approximate % of issued share capital of the Company	No. of Shares	Approximate % of issued share capital of the Company as enlarged by the issue of Conversion Shares
Yuen Loong International Limited <i>(Note 1)</i>	485,052,026	34.48	485,052,026	28.75
Chelsey Developments Ltd. <i>(Note 1)</i>	236,940,000	16.84	236,940,000	14.04
Camalot Equities Limited <i>(Note 1)</i>	19,336,188	1.37	19,336,188	1.15
Yuen Loong Steel Company Limited <i>(Note 2)</i>	15,000,000	1.07	15,000,000	0.89
The estate of Mr. David LAM Kwing Chan <i>(Note 3)</i>	7,935,000	0.56	7,935,000	0.47
Mr. Alvin Leslie LAM Kwing Wai <i>(Note 4)</i>	92,457,000	6.57	92,457,000	5.48
Placees	—	—	280,000,000	16.60
Other public Shareholders	550,186,246	39.11	550,186,246	32.62
Total	<u>1,406,906,460</u>	<u>100.00</u>	<u>1,686,906,460</u>	<u>100.00</u>

Notes:

- (1) Mr. Alvin Leslie LAM Kwing Wai, a Director, is a beneficiary of a discretionary trust which is interested in approximately 24% of the issued share capital of each of Yuen Loong International Limited (“Yuen Loong”), Chelsey Developments Ltd. (“Chelsey”) and Camalot Equities Limited (“Camalot”). Mr. Laurent LAM Kwing Chee, a Director, is interested in approximately 15% of the issued share capital of each of Yuen Loong, Chelsey and Camalot. Madam Rosita YUEN LAM Kit Woo, a Director, is interested in approximately 10% of the issued share capital of each of Yuen Loong, Chelsey and Camalot.*
- (2) Mr. Alvin Leslie LAM Kwing Wai and Mr. Laurent LAM Kwing Chee are interested in approximately 26% and 14% of the issued share capital of Yuen Loong Steel Company Limited respectively.*
- (3) Mr. David LAM Kwing Chan, a former Director, passed away on 12 June 2008. Application has been made to the Probate Registry of Hong Kong for grant of Letters of Administration in respect of the estate of the late Mr. David LAM Kwing Chan.*
- (4) These 92,457,000 Shares were held by Mr. Alvin Leslie LAM Kwing Wai a Director, as beneficial owner in respect of 17,500,000 Shares, as family interests in respect of 6,000,000 Shares and as interests in controlled corporation in respect of 68,957,000 Shares.*

FUND RAISING ACTIVITY OF THE COMPANY IN THE TWELVE MONTHS IMMEDIATELY PRECEDING THE DATE OF THIS ANNOUNCEMENT

There were no fund raising activities of the Company in the twelve months immediately preceding the date of this announcement.

INFORMATION ON THE COMPANY

The Company 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.

RESUMPTION OF TRADING

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 9:30 a.m. on 18 February 2009 pending release of this announcement. Application has been made for the resumption of trading in the Shares with effect from 9:30 a.m. on 19 February 2009.

DEFINITIONS

Unless the context otherwise requires, the following expressions have the following meanings in this announcement:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day (excluding Saturday) on which banks in Hong Kong are open for business

“Company”	Golden Resources Development International Limited, an exempt company incorporated in Bermuda and whose Shares are listed on the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Rights”	the rights attaching to the Convertible Notes of a Noteholder to convert any Convertible Notes into Conversion Shares
“Conversion Shares”	the Shares to be issued and allotted upon the exercise of the Conversion Rights
“Convertible Notes”	the series of 2% redeemable convertible notes up to an aggregate principal amount of HK\$72,800,000 to be issued by the Company to the Placees pursuant to the terms of the Placing Agreement
“Director(s)”	the director(s) of the Company
“Existing Convertible Notes”	the HK\$85,500,000 4% convertible notes due 2010 issued by the Company dated 30 October 2007 (as amended by a supplemental deed dated 12 September 2008 entered into between the Company and the Placing Agent), of which an aggregate amount of HK\$72,500,000 remains outstanding and unconverted as at the date of this announcement
“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
“Initial Conversion Price”	the initial conversion price or issue price at which Conversion Shares will be issued upon conversion of the Convertible Notes, being HK\$0.26 per Share, subject to adjustments
“Last Trading Day”	17 February 2009, being the last trading day of the Shares immediately prior to the release of this announcement
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the day falling on the fifth anniversary from the date of issue of the Convertible Notes and the final day on which the Convertible Notes will become due and payable
“Noteholder(s)”	holder(s) of the Convertible Notes

“Placees”	placees of the Placing who are third parties independent of the Company and connected persons of the Company and its subsidiaries or any of their respective associates
“Placing”	the placing of Convertible Notes by the Placing Agent pursuant to the terms of the Placing Agreement
“Placing Agent”	Get Nice Securities Limited, a corporation licensed to carry on types 1, 4, 6 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Placing Agreement”	the placing agreement dated 17 February 2009 entered into between the Company and the Placing Agent in relation to the Placing
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	the share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 18 February 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 and 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.