

---

**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

---

**If you are in doubt** as to any aspect of this circular, you should consult a licensed securities dealer or other bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Golden Resources Development International Limited, you should at once hand this circular to the purchaser or other transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

---



**GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED**

**金源米業國際有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 677)**

**CONTINUING CONNECTED TRANSACTION**

**Independent financial adviser to the Independent Board Committee  
and the Independent Shareholders**

**VEDA | CAPITAL**  
**智略資本**

---

17 January 2011

---

## CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Letter from Independent Board Committee</b> .....	11
<b>Letter from Veda Capital</b> .....	13
<b>Appendix — General information of the Company</b> .....	20

---

## DEFINITIONS

---

*In this circular, the following words and expressions have the following meanings unless the context requires otherwise:*

“Annual Cap”	a maximum aggregate annual value of the Continuing Connected Transaction, details of which are set out in the section headed “Framework Agreement” of this circular
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday) on which banks are open for business in Hong Kong
“Chelsey”	Chelsey Developments Ltd., a company incorporated in the British Virgin Islands with limited liability and held 265,240,000 Shares, representing approximately 17.08% of the issued share capital of the Company as at the Latest Practicable Date
“Company”	Golden Resources Development International Limited (金源米業國際有限公司), a limited company incorporated in Bermuda whose share are listed on the main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto under the Listing Rules
“Continuing Connected Transaction”	the continuing connected transaction between the Company and Food Company Ltd. pursuant to the terms of the Framework Agreement as described in the section headed “Framework Agreement” of this circular
“Director(s)”	director(s) of the Company
“Effective Date”	the date on which the condition set out in the Framework Agreement is fulfilled, which is 24 December 2010
“FC Group”	Food Company Ltd., its subsidiaries and associated companies from time to time and “member of the FC Group” shall be construed accordingly

---

## DEFINITIONS

---

“Food Company Ltd.”	Food Company of Ho Chi Minh City Ltd., which is a state-owned enterprise established in Vietnam
“Framework Agreement”	the framework agreement dated 21 December 2010 entered into between the Company and Food Company Ltd. in relation to the Continuing Connected Transaction
“Goods”	rice
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors, namely, Mr. John WONG Yik Chung, Mr. Leo CHAN Fai Yue and Mr. Richard LAU Siu Sun appointed by the Board to consider and advise the Independent Shareholders in respect of the Continuing Connected Transaction and the Annual Cap
“Independent Shareholder(s)”	Shareholder(s) other than Food Company Ltd. and its associates, who, to the best of the Directors’ knowledge, information and belief having made reasonable enquiries, did not hold any Shares as at the Latest Practicable Date
“Latest Practicable Date”	13 January 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Majority Shareholders”	collectively, Yuen Loong and Chelsey
“PRC”	the People’s Republic of China (excluding Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan for the purpose of this circular)

---

## DEFINITIONS

---

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder”	has the meaning ascribed thereto under the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US\$”	United States Dollars, the lawful currency of the United States of America
“Veda Capital”	Veda Capital Limited, a corporation licensed for carrying out type 6 (advising on corporate finance) regulated activities under the SFO
“Vietnam”	the Socialist Republic of Vietnam
“Yellow Circle”	Yellow Circle Joint Stock Company, a company established in Vietnam and a non-wholly owned subsidiary of the Company
“Yuen Loong”	Yuen Loong International Limited, a company incorporated in the British Virgin Islands with limited liability and held 515,052,026 Shares, representing approximately 33.16% of the issued share capital of the Company as at the Latest Practicable Date
“%”	per cent.

---

## LETTER FROM THE BOARD

---



### GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED

### 金源米業國際有限公司

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 677)**

*Executive Directors:*

Alvin Leslie LAM Kwing Wai

*(Chairman and Managing Director)*

Anthony LAM Sai Ho *(Vice Chairman)*

Rosita YUEN LAM Kit Woo

Laurent LAM Kwing Chee

TSANG Siu Hung

*Independent Non-executive Directors:*

John WONG Yik Chung

Leo CHAN Fai Yue

Richard LAU Siu Sun

*Registered Office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head Office and Principal Place  
of Business in Hong Kong:*

Golden Resources Centre

2-12 Cheung Tat Road

Tsing Yi Island

New Territories

Hong Kong

17 January 2011

*To the Shareholders*

Dear Sir or Madam,

## CONTINUING CONNECTED TRANSACTION

### INTRODUCTION

Since July 2009, the Group has engaged Food Company Ltd., which was then a party independent of and not connected with the Company and its connected person, for the supply of Goods to the Group in connection with its business. The consideration, which is payable by the Group in cash upon delivery, is calculated on the unit price of the Goods multiplied by the quantity agreed to be supplied which is determined after arm's length negotiation between the parties and on an order-by-order basis, having also taken into account factors such as prevailing market price and condition. For the year ended 31

---

## LETTER FROM THE BOARD

---

March 2010, the consideration contracted and payable by the Group to Food Company Ltd. in respect of the supply of Goods to the Group amounted to approximately US\$2.65 million (or approximately HK\$20.7 million).

On 20 December 2010, the Group completed the subscription of 70.6% interest in Yellow Circle and as a result, Yellow Circle becomes a non-wholly owned subsidiary of the Company. Yellow Circle is a company established in Vietnam in or around November 2009 and no accounts had been prepared for Yellow Circle as at the Latest Practicable Date. As the consideration paid by the Group for the subscription does not exceed 5%, the subscription does not constitute a notifiable transaction for the Company under the Listing Rules. Since the remaining 29.4% interest in Yellow Circle is held by Food Company Ltd., Food Company Ltd. becomes a substantial shareholder of a non-wholly owned subsidiary of the Company and a connected person of the Company.

In view that the sourcing and supply of Goods between the Company and Food Company Ltd. as described above will continue as between themselves or their respective subsidiaries, the Company and Food Company Ltd. entered into the Framework Agreement in respect of the Continuing Connected Transaction.

Under Rule 14A.43(2) of the Listing Rules, a written approval has been provided by Yuen Loong and Chelsey, who together hold approximately 50.24% in the issued share capital of the Company as at the Latest Practicable Date, in lieu of holding a general meeting of the Company to approve the Continuing Connected Transaction.

The transactions contemplated under the Framework Agreement constitute a continuing connected transaction for the Company under the Listing Rules. The purpose of this circular is to provide you with further information on the Framework Agreement, the Continuing Connected Transaction, the Annual Cap and other information of the Company as required under the Listing Rules.

### **THE FRAMEWORK AGREEMENT**

The principal terms of the Framework Agreement are set out as follows:

Date	:	21 December 2010
Term	:	From the Effective Date to 31 March 2013
Parties	:	The Company and Food Company Ltd.

---

## LETTER FROM THE BOARD

---

- Nature of transaction : Pursuant to the terms of the Framework Agreement, if required by the Group, Food Company Ltd. agrees with the Company to supply or procure the other members of the FC Group to supply the Goods to the Group. Each specific supply arrangement relating to the Goods shall be governed by a separate purchase order agreed between the relevant member of the Group and the relevant member of the FC Group
- Reasons for transaction : The management of the Company considers that the supply of Goods by the FC Group to the Group is on normal commercial terms and in the ordinary and usual course of business of the Group
- Pricing basis : Both parties to the agreement agreed that any and all the supply of Goods shall be provided on arm's length basis or on terms no less favourable to the Company than those offered by the FC Group to independent third parties agreed after good faith and arms' length negotiations between the relevant parties, by reference to prevailing market prices and the terms offered to independent third parties by the FC Group
- Conditions precedent : The obligations of the parties under the Framework Agreement shall be conditional upon the approval of the Framework Agreement and the transactions contemplated thereunder by the Independent Shareholders in a special general meeting of the Company or unless the Stock Exchange otherwise objects, the written approval of the Framework Agreement and the transactions contemplated thereunder by the Majority Shareholders in accordance with Rule 14A.43 of the Listing Rules

---

## LETTER FROM THE BOARD

---

If the condition set out in the Framework Agreement is not fulfilled on or before 31 March 2011 (or such later date as may be agreed between the Company and Food Company Ltd.), the Framework Agreement will automatically terminate and neither party to the Framework Agreement shall have any claim against the other party to the Framework Agreement save for any antecedent breaches of the terms of the Framework Agreement

As at the Latest Practicable Date, all the conditions set out in the Framework Agreement have already been fulfilled and the Framework Agreement became effective on 24 December 2010

The management of the Company considers that the Annual Cap for the supply of Goods by the FC Group to the Group will not exceed US\$3 million (or approximately HK\$23.4 million), US\$7 million (or approximately HK\$54.6 million) and US\$7 million (or approximately HK\$54.6 million) for the period commencing from the Effective Date to 31 March 2011 and each of the two financial years ending 31 March 2013 respectively.

For the period ended 31 December 2010 in respect of the current financial year ending 31 March 2011, the consideration contracted and payable by the Group to the FC Group in respect of the supply of Goods to the Group amounted to approximately US\$1.63 million (or approximately HK\$12.7 million).

The Annual Cap was determined with reference to the historical information of the demand for the Goods from the Group's customers, purchase orders and purchase forecasts received from the Group's customers and seasonal effects during the term covered by the Framework Agreement. Accordingly, the management of the Company considers that the Annual Cap over the three years ending 31 March 2013 to be justifiable.

The Company will comply with the requirements of the annual review of the Continuing Connected Transaction as set out in Rules 14A.37 to 14A.40 of the Listing Rules and will re-comply with the relevant Listing Rules if the Annual Cap is exceeded or, when the relevant agreements are renewed or, when there is a material change to the terms of the Continuing Connected Transaction.

---

## LETTER FROM THE BOARD

---

### **REASONS AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTION**

The Continuing Connected Transaction forms an integral part of the ordinary and usual course of business of the Group and is conducted on normal commercial terms determined on an arm's length basis. The Group's business relationship with Food Company Ltd. commenced in July 2009 and Food Company Ltd. has become a connected person of the Company following the completion of subscription in the interests in Yellow Circle by the Group on 20 December 2010.

In view of the long time business relationship and the benefits brought about by the past business transactions between the Company and Food Company Ltd., the Board considers it to be in the interests of the Company to engage in the Continuing Connected Transaction and that the terms of the Continuing Connected Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **INFORMATION OF THE GROUP AND FOOD COMPANY LTD.**

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.

Food Company Ltd. is a state-owned enterprise established in Vietnam who together with its subsidiaries are principally engaged in the manufacturing, processing, trading food and technology food, importing and exporting material, equipment, fertilizer, insecticides, consumer products, operating restaurant and hotel, retails sale of gas and oil, buying and selling building material, interior decoration products, trading in real estate.

Since Food Company Ltd. is a substantial shareholder of Yellow Circle, which is a non wholly-owned subsidiary of the Company, Food Company Ltd. is a connected person of the Company. Accordingly, the Continuing Connected Transaction between the Company and Food Company Ltd. will constitute a non-exempt continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

### **LISTING RULES IMPLICATION**

The transactions contemplated under the Framework Agreement constitute a continuing connected transaction for the Company under the Listing Rules.

---

## LETTER FROM THE BOARD

---

As the Directors expect that the relevant percentage ratios for the Continuing Connected Transaction will exceed 5%, the Continuing Connected Transaction constitutes a non-exempt continuing connected transaction under Rule 14A.35 of the Listing Rules which is subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements. Pursuant to Rule 14A.43 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 Framework Agreement.

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief having made reasonable enquiries, (i) none of the Directors has a material interests in the Continuing Connected Transaction and was required to abstain from voting on the board resolution approving the Continuing Connected Transaction and (ii) Food Company Ltd. did not hold any Shares as at the Latest Practicable Date. Accordingly, no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Continuing Connected Transaction.

As at the Latest Practicable Date, Yuen Loong and Chelsey together held approximately 50.24% of the issued share capital of the Company giving the right to attend and vote at general meetings the Company and have provided a written approval in respect of the Continuing Connected Transaction on 23 December 2010. Mr. Alvin Leslie LAM Kwing Wai, Mr. Anthony LAM Sai Ho, Mr. Laurent LAM Kwing Chee and Madam Rosita YUEN LAM Kit Woo, all being Directors, together held, either personally or through their respective discretionary trusts and controlled corporation, approximately 73% of the issued share capital of both Yuen Loong and Chelsey. Since 1991, Yuen Loong and Chelsey have always voted in the same way in respect of shareholders' resolutions of the Company other than routine resolutions at an annual general meeting. Yuen Loong and Chelsey together are "acting in concert" for the purposes of the Takeovers Code.

On 24 December 2010, the Stock Exchange granted to the Company the waiver from strict compliance with Rule 14A.43 of the Listing Rules for accepting a written shareholders' approval in lieu of holding a general meeting.

On 12 January 2011, the Stock Exchange granted to the Company the waiver from strict compliance with Rule 14A.49 of the Listing Rules to despatch this circular to the Shareholders within 15 business days after the publication of the announcement in respect of the Continuing Connected Transaction.

---

## LETTER FROM THE BOARD

---

The Independent Board Committee was established to advise the Independent Shareholders in connection with the terms of the Framework Agreement and the Annual Cap after taking into account the recommendation from Veda Capital, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Continuing Connected Transaction, on matters required under the Listing Rules.

### RECOMMENDATIONS

The Directors (including the independent non-executive Directors) consider that the terms of the Framework Agreement and the Annual Cap are fair and reasonable, and that entering into of the Framework Agreement by the Company and the Continuing Connected Transaction are in the best interests of the Company and the Shareholders as a whole. The Directors (including the independent non-executive Directors) therefore would recommend the Shareholders to vote in favour of the resolution to approve the Continuing Connected Transaction and the Annual Cap if a general meeting of the Company is to be held for such purpose. As disclosed above, Yuen Loong and Chelsey have provided to the Company a written approval of the Continuing Connected Transaction and the Annual Cap and no general meeting will be convened.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendix to this circular.

Yours faithfully,

For and on behalf of the Board of

**GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED**

**Alvin Leslie LAM Kwing Wai**

*Chairman and Managing Director*

---

## LETTER FROM INDEPENDENT BOARD COMMITTEE

---

*The following is the text of the Letter from Independent Board Committee in relation to the Continuing Connected Transaction for inclusion in this circular:*



### **GOLDEN RESOURCES DEVELOPMENT INTERNATIONAL LIMITED**

**金源米業國際有限公司**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 677)**

17 January 2011

*To the Independent Shareholders*

Dear Sir or Madam,

### **CONTINUING CONNECTED TRANSACTION**

We refer to the circular of the Company dated 17 January 2011 (the “Circular”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

We have been appointed by the Board as members of the Independent Board Committee and to advise the Independent Shareholders as to whether the terms of the Framework Agreement and the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned and whether the terms of the Framework Agreement and the Annual Cap are in the interests of the Company and the Shareholders as a whole. Veda Capital has been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects. Details of its advice, together with the principal factors and reasons taken into consideration in arriving at such advice, are set out on pages 13 to 19 of the Circular.

Your attention is drawn to the letter from the Board set out on pages 4 to 10 of the Circular.

Having considered the advice of Veda Capital, we are of the opinion that the Continuing Connected Transaction and the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the

---

## LETTER FROM INDEPENDENT BOARD COMMITTEE

---

Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders to vote in favour of the resolution should a general meeting be convened by the Company to approve the Continuing Connected Transaction and the Annual Cap.

Yours faithfully,

For and on behalf of

the Independent Board Committee

**Mr. John WONG Yik Chung   Mr. Leo CHAN Fai Yue   Mr. Richard LAU Siu Sun**  
*Independent Non-executive Directors*

---

## LETTER FROM VEDA CAPITAL

---

*The following is the full text of a letter of advice from Veda Capital to the Independent Board Committee and the Independent Shareholders in relation to Continuing Connected Transaction prepared for the purpose of inclusion in this circular:*

**VEDA | CAPITAL**  
**智 略 資 本**

**Veda Capital Limited**  
Suite 3214, 32/F  
COSCO Tower  
183 Queen's Road Central  
Hong Kong

17 January 2011

*To the Independent Board Committee and the Independent Shareholders of  
Golden Resources Development International Limited*

Dear Sirs,

### CONTINUING CONNECTED TRANSACTION

#### I. INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Continuing Connected Transaction, details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular (the “**Circular**”) dated 17 January 2011 issued by the Company, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

The Independent Board Committee, comprising independent non-executive Directors, namely Mr John Wong Yik Chung, Mr. Leo Chan Fai Yue and Mr. Richard Lau Siu Sun, has been established to advise whether the Continuing Connected Transaction (including the Annual Cap) is in the interests of the Company and the Independent Shareholders as a whole. Veda Capital has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the Continuing Connected Transaction (including the Annual Cap) is on normal commercial terms, in the ordinary and usual course of business, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

---

## LETTER FROM VEDA CAPITAL

---

### II. BASIS OF OUR ADVICE

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Company, Directors and management of the Company. We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have assumed that all information, representations and opinions contained or referred to in the Circular, which have been provided by the Company, Directors and management of the Company and for which they are solely and wholly responsible, were true and accurate at the time when they were made and continue to be true at the date of the Circular.

We have no reason to believe that any information and representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the information provided and the representations made to us untrue, inaccurate or misleading. We have not, however, conducted any independent in-depth investigation into the business affairs, financial position or future prospects of the Group, nor have we carried out any independent verification of the information provided by the Directors and management of the Company.

### III. PRINCIPAL FACTORS AND REASONS

In assessing the Continuing Connected Transaction and in giving our recommendations to the Independent Board Committee and the Independent Shareholders, we have taken into account the following principal factors and reasons:

#### **Background and reasons of the Continuing Connected Transaction**

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.

---

## LETTER FROM VEDA CAPITAL

---

Since July 2009, the Group has engaged the FC Group for the supply of Goods to the Group in connection with its business. The consideration, which is payable by the Group in cash upon delivery, is calculated on the unit price of the Goods multiplied by the quantity agreed to be supplied which is determined after arm's length negotiation between the parties and on an order-by-order basis, having also taken into account factors such as prevailing market price and condition. For the year ended 31 March 2010, the consideration contracted and payable by the Group to the FC Group in respect of the supply of Goods to the Group amounted to approximately US\$2.65 million (or approximately HK\$20.7 million).

The Continuing Connected Transaction forms an integral part of the ordinary and usual course of business of the Group and is conducted on normal commercial terms determined on an arm's length basis. The Group's business relationship with the FC Group commenced in July 2009 and the FC Group has become a connected person of the Company following the completion of subscription in the interests in Yellow Circle by the Group on 20 December 2010.

In view of the long time business relationship and the benefits brought about by the past business transactions between the Company and the FC Group, the Board considers it to be in the interests of the Company to engage in the Continuing Connected Transaction and that the terms of the Continuing Connected Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole. In addition, as advised by the Company, the FC Group is one of the leading exporters in Vietnam and the Company considers by maintaining a business relationship with the FC Group would ensure the source of quality Goods and secure constant supply of Goods from Vietnam.

Having considered (i) the principal activities of the Company and the recurring nature of the transactions under the Framework Agreement; (ii) the business relationship between the Company and the FC Group since July 2009, the Company and the FC Group are familiar with the operation of each other and hence, the Continuing Connected Transaction would be carried out more smoothly and efficiently; and (iii) the position of the FC Group in the industry in Vietnam, we consider that the Continuing Connected Transaction is fair and reasonable, in the ordinary and usual course of business of the Company and in the interests of the Company and the Independent Shareholders.

---

## LETTER FROM VEDA CAPITAL

---

### Pricing basis

As set out in the Board Letter, both parties to the Framework Agreement agreed that any and all the supply of Goods shall be provided on arm's length basis or on terms no less favourable to the Company than those offered by the FC Group to independent third parties agreed after good faith and arms' length negotiations between the relevant parties, by reference to prevailing market prices and the terms offered to independent third parties by the FC Group.

We have reviewed sample copies of the purchase invoices from August 2009 to December 2010 in respect of the purchase transactions entered with the FC Group and similar transactions entered into between the Group and suppliers who are persons independent of and not connected with the Company and its connected persons (the "**Independent Third Parties**") and noted that the unit price of the Goods offered by the FC Group is no less favourable to those offered by the Independent Third Parties. In addition, given that (i) the independent non-executive Directors will, pursuant to Rule 14A.37 of the Listing Rules, review, amongst other things, whether the Continuing Connected Transaction under the Framework Agreement are conducted on normal commercial terms, or if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than those offered by suppliers of the Group who are Independent Third Parties; and (ii) the auditors of the Company will, pursuant to Rule 14A.38 of the Listing Rules, review for the purpose of confirming whether the Continuing Connected Transaction entered into between the Company and the FC Group is conducted in accordance with the Framework Agreement, we are of the opinion that (a) the Continuing Connected Transaction is fair and reasonable and on normal commercial terms; and (b) adequate measures have been in place, as required under Rules 14A.37 and 14A.38 of the Listing Rules as mentioned above, to monitor the Continuing Connected Transaction in order to protect the interests of the Company and the Independent Shareholders.

---

## LETTER FROM VEDA CAPITAL

---

### Annual Cap

Set out below are the consideration contracted and payable by the Group to the FC Group in respect of the supply of Goods to the Group for the periods (i) from 1 July 2009 to 31 March 2010; and (ii) from 1 April 2010 to 31 December 2010:

	<b>From 1 July 2009 to 31 March 2010</b>	<b>From 1 April 2010 to 31 December 2010</b>
	<i>(US\$ million)</i>	<i>(US\$ million)</i>
Historical purchase	2.65	1.63
	(or approximately HK\$20.7 million)	(or approximately HK\$12.7 million)

Set out below are the proposed Annual Cap for the supply of Goods by the FC Group to the Group for the period commencing from the Effective Date to 31 March 2011 and each of the two financial years ending 31 March 2013 respectively:

	<b>From the Effective Date to 31 March 2011</b>	<b>For the year ending 31 March 2012</b>	<b>For the year ending 31 March 2013</b>
	<i>(US\$ million)</i>	<i>(US\$ million)</i>	<i>(US\$ million)</i>
Proposed Annual Cap	3.00	7.00	7.00
	(or approximately HK\$23.4 million) (the “ <b>2011 Cap</b> ”)	(or approximately HK\$54.6 million) (the “ <b>2012 Cap</b> ”)	(or approximately HK\$54.6 million) (the “ <b>2013 Cap</b> ”)

As set out in the Board Letter, the Annual Cap was determined with reference to the historical information of the demand for the Goods from the Group’s customers, purchase orders and purchase forecasts received from the Group’s customers and seasonal effects during the term covered by the Framework Agreement. Accordingly, the management of the Company considers that the Annual Cap over the three years ending 31 March 2013 to be justifiable.

We have discussed with the Company and were given to understand by the Company that the 2011 Cap was determined based on the quantity of supply of Goods by the FC Group to the Group during the first quarter of the year 2010 (the “**FQ Supply**”) and the average unit cost of the Goods from Vietnam from April 2010 to December

---

## LETTER FROM VEDA CAPITAL

---

2010 (the “**2010 Cost**”). We have enquired with the Company the quantity amount of FQ Supply and the amount of 2010 Cost and have reviewed the calculations done by the Company in arriving at the 2011 Cap with such basis, the supply of Goods from the FC Group was derived to be approximately US\$2.52 million (or approximately HK\$19.7 million) (the “**2011 Derived Amount**”). The 2011 Cap represents a premium of approximately US\$0.48 million (or approximately HK\$3.7 million) over the 2011 Derived Amount. As advised by the Company, the first quarter is usually the peak season during the year due to the effect of Chinese New Year and in general, the Company would purchase additional quantity of Goods in the previous quarter which is the fourth quarter in the previous year to ensure sufficient supply for the next quarter. However, given the fact that the Company did not purchase additional quantity of Goods during the fourth quarter of 2010, the Company considers additional demand of Goods may be required from the FC Group for the first quarter of 2011 and considers a buffer of approximately US\$0.48 million (or approximately HK\$3.7 million) is reasonable. In view of the above, we consider the 2011 Cap is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

We were also given to understand by the Company that the projected quantities to be purchased by the Group from the FC Group for the two years ending 31 March 2013 were based on (i) the projected quantity of Goods purchased by the Group for the year ending 31 March 2011 which comprised the quantity of Goods purchased by the Group from April 2010 to December 2010 (the “**2010 Nine Months Total Quantity Purchase**”) and the projected purchase from January 2011 to March 2011 which is based on the purchase quantity of Goods in the same period in previous year; (ii) the growth of total purchase quantity of Goods by the Group by comparing the total purchase quantity of the Group from the period April 2009 to December 2009 to the 2010 Nine Months Total Quantity Purchase; and (iii) the Company’s intention to increase purchase of Goods from the FC Group to approximately 12% of its total purchase quantity of Goods by the Group. We were further advised by the Company that the unit cost of the Goods applied on the 2012 Cap and 2013 Cap were based on the 2010 Cost and a growth on such cost which is derived by comparing the average unit cost of the Goods from Vietnam for the year ended 31 March 2010 and the 2010 Cost. We have reviewed the calculations done by the Company in arriving at the 2012 Cap and 2013 Cap with the above-mentioned basis, the projected supply of Goods from the FC Group for each of the two years ending 31 March 2013 was derived to be approximately US\$6.90 million (or approximately HK\$53.8 million). In view of the above, we consider the 2012 Cap and 2013 Cap are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

---

## LETTER FROM VEDA CAPITAL

---

### IV. RECOMMENDATION

Taking into consideration of the above-mentioned principal factors and reasons, we consider that the Continuing Connected Transaction and the Annual Cap are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Independent Shareholders as a whole. We also consider that the Continuing Connected Transaction is on normal commercial terms and in the ordinary and usual course of businesses of the Group. We would therefore recommend the Independent Shareholders and advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to approve the Continuing Connected Transaction and the Annual Cap if a general meeting of the Company is to be held for such purpose.

Yours faithfully,

For and on behalf of

**Veda Capital Limited**

**Hans Wong**

*Chairman*

**Julisa Fong**

*Managing Director*

**RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

**DISCLOSURE OF INTERESTS****(i) Directors' interests and short positions in the shares and the underlying shares of the Company**

Save as disclosed below, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company nor their associates had or was deemed to have any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (with the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

*Long positions**(a) Ordinary shares of the Company*

Name of Director	Number of ordinary shares beneficially held in the Company				Approximate percentage of the issued share capital of the Company
	Personal interests	Family interests	Corporate interests	Total interests	
Mr. Alvin Leslie LAM Kwing Wai	17,500,000	6,000,000	—	23,500,000 <i>(Note 1)</i>	1.51%
Mr. Anthony LAM Sai Ho	—	—	7,350,000	7,350,000 <i>(Note 2)</i>	0.47%

*Notes:*

1. These 23,500,000 Shares are held by Mr. Alvin Leslie LAM Kwing Wai, an executive Director, as beneficial owner in respect of 17,500,000 Shares and as family interests in respect of 6,000,000 Shares representing the interests of his wife.
2. These 7,350,000 Shares are held by Great Avenue Group Limited, a company which is 40% owned by Mr. Anthony LAM Sai Ho, an executive Director.

*(b) Non-voting deferred shares of Golden Resources Development Limited, a wholly-owned subsidiary of the Company*

Name of Director	Capacity	Number of non-voting deferred shares beneficially held
Mr. Alvin Leslie LAM Kwing Wai	Beneficial owner	260,000
Mr. Anthony LAM Sai Ho	Interest in controlled corporation	260,000 <i>(Note)</i>

*Note:* These shares are held by Marvel City Holdings Limited, a company which is 40% owned by Mr. Anthony LAM Sai Ho, an executive Director.

- (c) *Non-voting deferred shares of Yuen Loong & Company Limited, a wholly-owned subsidiary of the Company*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of non-voting deferred shares beneficially held</b>
Mr. Alvin Leslie LAM Kwing Wai	Beneficial owner	13,000
Mr. Anthony LAM Sai Ho	Interest in controlled corporation	13,000 (Note)

*Note:* These shares are held by Marvel City Holdings Limited, a company which is 40% owned by Mr. Anthony LAM Sai Ho, an executive Director.

- (d) *Ordinary shares of Wellight Development Limited, an associated corporation of the Company*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of ordinary shares held through corporation</b>
Mr. Laurent LAM Kwing Chee	Interest in controlled corporation	300 (Note)

*Note:* These shares are held by L.K.C. Company Limited, a company wholly owned by Mr. Laurent LAM Kwing Chee, an executive Director.

- (e) *Ordinary shares of Starland Century Limited, an associated corporation of the Company*

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of ordinary shares held through corporation</b>
Mr. Laurent LAM Kwing Chee	Interest in controlled corporation	300 (Note)

*Note:* These shares are held by L.K.C. Company Limited, a company wholly owned by Mr. Laurent LAM Kwing Chee, an executive Director.

**(ii) Substantial Shareholders**

Save as disclosed below, so far as was known to the Directors, there was no other person (other than a Director or the chief executive of the Company) who, as at the Latest Practicable Date, had notified to the Company any interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interest in 10% of more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

<b>Name of Shareholder</b>	<b>Number of shares of the Company held (Note 1)</b>	<b>Approximate percentage of the issued share capital of the Company</b>
Yuen Loong (Note 2)	515,052,026	33.16% (Note 3)
Chelsey (Note 2)	265,240,000	17.08% (Note 3)

*Notes:*

1. These shares represent long position in shares of the Company.
2. Mr. Alvin Leslie LAM Kwing Wai, Mr. Anthony LAM Sai Ho, Mr. Laurent LAM Kwing Chee and Madam Rosita YUEN LAM Kit Woo, all being Directors, are directors of Yuen Loong and Chelsey.
3. 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 and Chelsey. Mr. Anthony LAM Sai Ho, a Director, is interested in 40% of the issued share capital of Marvel City Holdings Limited which in turn is interested in approximately 24% of the issued share capital of each of Yuen Loong and Chelsey. Mr. Laurent LAM Kwing Chee, a Director, is interested in approximately 15% of the issued share capital of each of Yuen Loong and Chelsey. Madam Rosita YUEN LAM Kit Woo, a Director, is interested in approximately 10% of the issued share capital of each of Yuen Loong and Chelsey.

**MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors are not aware of any material changes in the financial or trading position of the Group since 31 March 2010, being the date to which the latest audited financial statements of the Company were made up.

**DIRECTORS' INTEREST IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in a business which competes or may compete with the business of the Group.

**SERVICE CONTRACT**

As at the Latest Practicable Date, there was no service contract between any of the Directors or proposed Directors and the Company or any of its subsidiaries respectively which was not determinable by the employer within one year without payment of compensation (other than statutory compensation).

**EXPERT**

The following is the qualification of the expert who has given opinion or advice, which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Veda Capital	a corporation licensed for carrying out type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Veda Capital had given and had not withdrawn their written consent to the issue of this circular with inclusion of its letter, which has been prepared for inclusion in this circular and references to its name in the form and context in which it is included.

As at the Latest Practicable Date, Veda Capital did not have any shareholding interest in any member of the Group or any right, whether legally enforceable or not, to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group.

**GENERAL**

- (a) None of the Directors or expert (as named in this Appendix) has any direct or indirect interest in any assets which have been, since 31 March 2010, the date to which the latest published audited financial statements of the Company were made up, to the Latest Practicable Date, acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (b) None of the Directors is materially interested in any contract or arrangement subsisting at the Latest Practicable Date which is significant in relation to the business of the Group.
- (c) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at Level 11, Golden Resources Centre, 2-12 Cheung Tat Road, Tsing Yi Island, New Territories, Hong Kong during normal business hours on any weekday other than public holidays from the date of this circular up to and including 31 January 2011:

- (i) letter from the Independent Board Committee dated 17 January 2011;
- (ii) letter from Veda Capital dated 17 January 2011; and
- (iii) the Framework Agreement.