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China Golden Development Holdings Limited

中國金展控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 162)

- (I) PROPOSED OPEN OFFER ON THE BASIS OF
ONE OFFER SHARE FOR EVERY TWO SHARES HELD ON
THE RECORD DATE;
(II) CHANGE OF TERMS OF THE CONVERTIBLE BOND;
(III) CONNECTED TRANSACTION;
AND
(IV) RESUMPTION OF TRADING**

Financial Adviser to the Company



INCU Corporate Finance Limited

Underwriters



**博大證券有限公司
Partners Capital Securities Limited**



Phoenix Capital Securities Limited



OSK Securities Hong Kong Limited

PROPOSED OPEN OFFER, UNDERWRITING ARRANGEMENTS AND THE SET OFF

The Board is pleased to announce that on 11 November 2009 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriters and the Substantial Shareholder in relation to the underwriting and certain other arrangements in respect of the Open Offer.

* For identification purpose only

The Company proposed to carry out the Open Offer on the basis of one Offer Share for every two Shares held on the Record Date. The Open Offer involves the allotment and issue of 584,120,426 Offer Shares at a price of HK\$0.10 per Offer Share, subject to any issue of new Shares by the Company on or before the Record Date. The Open Offer is only available to the Qualifying Shareholders and such Qualifying Shareholders are not entitled to apply for any Offer Shares which are in excess of their assured entitlements.

The Open Offer is fully underwritten by the Underwriters and the terms of the Open Offer are determined after arm's length negotiation between the Company, the Underwriters and the Substantial Shareholder.

As at the date of this announcement, the Convertible Bond is legally and beneficially owned by Best Mineral Resources and Best Mineral Resources is wholly and beneficially owned by the Substantial Shareholder.

Subject to and upon the terms and conditions of the Underwriting Agreement, the Substantial Shareholder has given an irrevocable undertaking in favour of the Company and the Underwriters, inter alia, (i) not to, and procure Best Mineral Resources not to, exercise any of the conversion rights attaching to, or transfer or otherwise dispose of, any of the Convertible Bond held by it, on or before the Record Date; and (ii) to subscribe for, or procure Best Mineral Resources to subscribe for, the 158,732,036 Offer Shares to which Best Mineral Resources is entitled under the Open Offer in the manner provided in the Underwriting Agreement.

Pursuant to the terms of the Underwriting Agreement, the aggregate Subscription Price required to be paid by Best Mineral Resources under the Open Offer will be set off against an equivalent amount of the face value of the Convertible Bond.

The gross proceeds of the Open Offer will be approximately HK\$58.41 million. It is expected that the aggregate expenses of the Company to be incurred in connection with the Open Offer will be approximately HK\$2.5 million. The Company plans to use the net cash proceeds from the Open Offer after the Set Off of approximately HK\$40 million for the renovation of the Xian Bell Tower Store and the renovation and expansion of the Hi-Tech Store of "Century Ginwa" department stores.

CHANGE OF TERMS OF THE CONVERTIBLE BOND

Pursuant to the terms of the Convertible Bond, the holder(s) of the Convertible Bond does not have the right to demand for redemption by the Company of the Convertible Bond prior to its maturity date.

To facilitate the arrangements of the Set Off as set out in the Underwriting Agreement, the Company and Best Mineral Resources will enter into the Modification Deed in relation to the agreement between the Company and Best Mineral Resources to modify the terms and conditions of the Convertible Bond, such that the holder(s) of the Convertible Bond shall be entitled to demand for redemption of the Convertible Bond by the Company at any time prior to its maturity date by giving 5 days' advance notice to the Company for the amount of not more than HK\$15,873,203.60 for the purpose of the Set Off. The Substantial Shareholder has undertaken in the Underwriting Agreement to procure Best Mineral Resources to enter into the Modification Deed on or before the third Business Day before the date of despatch of the Circular.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Best Mineral Resources is a substantial Shareholder. Accordingly, Best Mineral Resources and the Substantial Shareholder, being the sole legal and beneficial owner of the entire issued shares of Best Mineral Resources, are connected persons of the Company and the entering into of the Underwriting Agreement (incorporating details of the arrangements for the Set Off) and the Modification Deed constitutes connected transactions on the part of the Company under the Listing Rules. The Open Offer, the Change of Terms of the Convertible Bond and the Set Off are subject to the reporting and announcement requirements and the approval of the Independent Shareholders by poll at the SGM under the Listing Rules.

The Substantial Shareholder, Best Mineral Resources and their associates are required to abstain from voting at the SGM for the resolutions approving the Open Offer, the Change of Terms of the Convertible Bond and the Set Off.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out below under the section headed “Conditions of the Open Offer”. In particular, the Open Offer is conditional upon the approval of the Open Offer, the Change of Terms of the Convertible Bond and the Set Off by the Independent Shareholders at the SGM by way of poll. Partners Capital (on behalf of the Underwriters) is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as described below. The Open Offer is also subject to Partners Capital (on behalf of the Underwriters) not terminating the Underwriting Agreement. Accordingly, the Open Offer may or may not proceed.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.

GENERAL

The Independent Board Committee comprising all the three independent non-executive Directors, namely Mr. Chan Wai Kwong, Peter, Mr. Fu Wing Kwok, Ewing and Mr. Tsang Kwok Wai, has been established by the Company to advise the Independent Shareholders on the terms of the Open Offer, the Change of Terms of the Convertible Bond and the Set Off. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Circular containing, among other things, further details of the Open Offer, the Change of Terms of the Convertible Bond and the Set Off, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, the Change of Terms of the Convertible Bond and the Set Off, together with a notice of the SGM, will be despatched by the Company to the Shareholders as soon as practicable.

Subject to the Open Offer, the Change of Terms of the Convertible Bond and the Set Off being approved at the SGM, the Prospectus or Prospectus Documents, where appropriate, containing further information on the Open Offer will be despatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING

At the request of the Company, trading in the issued Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 12 November 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the issued Shares from 9:30 a.m. on 17 November 2009.

PROPOSED OPEN OFFER, CHANGE OF TERMS OF THE CONVERTIBLE BOND AND THE SET OFF

The Board is pleased to announce that on 11 November 2009 (after trading hours), the Company entered into the Underwriting Agreement with the Underwriters and the Substantial Shareholder in relation to the underwriting and certain other arrangements in respect of the Open Offer. Details of the proposed Open Offer are set out as follows:

Issue statistics

Basis of the Open Offer	:	One Offer Share for every two existing Shares held on the Record Date
Number of Shares in issue	:	1,168,240,852 Shares as at the date of this announcement
Number of Offer Shares	:	584,120,426 Offer Shares
Subscription price	:	HK\$0.10 per Offer Share

Enlarged issued share : 1,752,361,278 Shares
capital upon completion
of the Open Offer
assuming no exercise of
the outstanding Share
Options, no exercise
of the Warrants and
no conversion of the
Convertible Bond on or
prior to the Record Date

As at the date of this announcement, the Company has: (i) 18,638,000 outstanding Share Options; (ii) the Convertible Bond; and (iii) 221,600,000 Warrants in issue. The Share Options entitle the holders thereof to subscribe for an aggregate of 18,638,000 new Shares at an exercise price of HK\$0.74 per Share (all subject to adjustments). Holders of the 18,638,000 Share Options have irrevocably undertaken to the Company and the Underwriters that they will not exercise any of their Share Options from the date of such undertaking up to and including the Record Date.

As at the date of this announcement, Best Mineral Resources is the holder of the Convertible Bond and the outstanding principal amount of the Convertible Bond is HK\$1,104,216,100. Pursuant to the terms of the Convertible Bond, 1,602,635,849 new Shares are fall to be issued upon full conversion at the initial Conversion Price of HK\$0.689 per Share (subject to adjustments).

The Substantial Shareholder has irrevocably undertaken to the Company and the Underwriters, inter alia, (i) not to and procure Best Mineral Resources not to, exercise any of the conversion rights attaching to, or transfer or otherwise dispose of, any of the Convertible Bond held by it, on or before the Record Date; and (ii) to subscribe for, or procure Best Mineral Resources to subscribe for, the 158,732,036 Offer Shares to which Best Mineral Resources is entitled under the Open Offer in the manner provided in the Underwriting Agreement.

The Warrantholder has irrevocably undertaken to the Company and the Underwriters that he will not exercise any of subscription rights attaching to, or transfer or otherwise dispose of, the Warrants from the date of such undertaking up to and including the Record Date.

Save as disclosed above, the Company has no other options, warrants or other securities convertible or exchangeable into or giving rights to the holders thereof to subscribe or exchange for the Shares as at the date of this announcement.

The number of Offer Shares is arrived at based on one Offer Share for every two existing Shares held on the Record Date, taking into account (i) the 1,168,240,852 Shares in issue as at the date of this announcement; and (ii) assuming no new Shares will be issued after the date of this announcement and up to the Record Date. The Offer Shares would represent 50% of the Company's existing issued share capital and approximately 33.33% of the Company's issued share capital as enlarged by the issue of the Offer Shares, assuming no exercise of the Share Options and the subscription rights attaching to the Warrants and no conversion of the Convertible Bond by the holders thereof on or prior to the Record Date.

Qualifying Shareholders

The Company will send the Prospectus Documents to the Qualifying Shareholders only. For the Non-Qualifying Shareholders, the Company will send copies of the Prospectus to them for their information only, but no Application Form will be sent to the Non-Qualifying Shareholders.

To qualify for the Open Offer, a Shareholder must be registered as a member of the Company at the close of business on the Record Date and must be a Qualifying Shareholder.

Shareholders whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Shareholders with their Shares held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company at the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) with the Company's branch share registrar in Hong Kong, Tricor Abacus Limited for registration no later than 4:30 p.m. on the date to be announced by the Company.

The Record Date and the dates for the closure of the register of members of the Company will be announced by the Company in due course. No transfers of Shares will be registered during the book closure period.

Subscription price

The subscription price for the Offer Shares is HK\$0.10 per Offer Share, payable in full upon application. The Subscription Price represents:

- (i) a discount of approximately 61.54% to the closing price per Share of HK\$0.26 as quoted on the Stock Exchange on 11 November 2009, being the Last Trading Date;
- (ii) a discount of approximately 61.98% to the average of the closing prices per Share of HK\$0.263 for the last 5 trading days as quoted on the Stock Exchange up to and including the Last Trading Day;
- (iii) a discount of approximately 62.55% to the average of the closing prices per Share of HK\$0.267 for the last 10 trading days as quoted on the Stock Exchange up to and including the Last Trading Day; and
- (iv) a discount of approximately 51.69% to the theoretical ex-rights price of HK\$0.207 per Share calculated based on the closing price per Share on the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company, the Underwriters and the Substantial Shareholder with reference to the current market price of the Shares. As the Offer Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price at a level that would attract the Qualifying Shareholders to participate in the Open Offer. The Directors (excluding independent non-executive Directors whose opinion on the matter will be set forth in the Circular after having been advised by the independent financial adviser in this regard) consider the terms of the Open Offer, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of allotment

The basis of the allotment shall be one Offer Share for every two existing Shares held by the Qualifying Shareholders on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder's allotment should be made by completing the Application Form and lodging the same with a remittance for the Offer Shares being applied for.

Status of the Offer Shares

The Offer Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of fully-paid Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment and issue of the Offer Shares.

Rights of Overseas Shareholders

The Company will make enquiries regarding the feasibility of extending the Open Offer to the Overseas Shareholders. If, based on legal opinions provided by the legal advisers, the Directors consider that it is necessary or expedient not to offer the Offer Shares to Overseas Shareholders on account either of the legal restrictions under the laws of the places of their registered addresses or the requirements of the relevant regulatory bodies or stock exchanges in those places outside Hong Kong, the Open Offer will not be available to such Overseas Shareholders. The basis for excluding the Non-Qualifying Shareholders, if any, from the Open Offer will be set out in the Prospectus. If they are excluded, the Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but the Company will not send any Application Form to the Non-Qualifying Shareholders. The Offer Shares which would otherwise be allotted to the Non-Qualifying Shareholders under the Open Offer will be taken up by the Underwriters in accordance with the terms and conditions of the Underwriting Agreement.

No application for excess Offer Shares

After arm's length negotiation with the Underwriters, the Company decided that the Qualifying Shareholders are not entitled to apply for any Offer Shares which are in excess of their assured entitlements. The Company considers that the administrative costs would be lowered without the excess application.

Fractional entitlements

No fractional entitlements or allotments are expected to arise as a result of the Open Offer.

Application for listing

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Offer Shares.

Dealings in the Offer Shares in board lots of 2,000 Shares, which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty in Hong Kong.

UNDERWRITING ARRANGEMENTS

Undertakings

The holders of the 18,638,000 Share Options have irrevocably undertaken to the Company and the Underwriters that they will not exercise any of their Share Options from the date of such undertaking up to and including the Record Date.

As at the date of this announcement, Best Mineral Resources is the holder of the Convertible Bond and the outstanding principal amount of the Convertible Bond is HK\$1,104,216,100. Pursuant to the terms of the Convertible Bond, 1,602,635,849 new Shares are fall to be issued upon full conversion at the initial Conversion Price of HK\$0.689 per Share (subject to adjustments).

The Substantial Shareholder has irrevocably undertaken to the Company and the Underwriters, inter alia, (i) not to and procure Best Mineral Resources not to, exercise any of the conversion rights attaching to, or transfer or otherwise dispose of, any of the Convertible Bond held by it, on or before the Record Date; and (ii) to subscribe for or procure Best Mineral Resources to subscribe for, the 158,732,036 Offer Shares to which Best Mineral Resources is entitled under the Open Offer in the manner provided in the Underwriting Agreement.

The Warrantholder has irrevocably undertaken to the Company and the Underwriters that he will not exercise any of subscription rights attaching to, or transfer or otherwise dispose of, the Warrants from the date of such undertaking up to and including the Record Date.

Underwriting Agreement and the Set Off

Pursuant to the Underwriting Agreement and subject to the terms and conditions thereof, the Underwriters have agreed to fully underwrite 425,388,390 Offer Shares (of which Partners Capital has agreed to underwrite not more than 209,388,390 Underwritten Shares in the first place, Phoenix Capital has agreed to underwrite not more than 100,000,000 Underwritten Shares in the second place, and OSK Securities has agreed to underwrite the remaining 116,000,000 Underwritten Shares in the third place) at the Subscription Price of HK\$0.10 per Offer Share. The Underwriting Agreement provides that the Underwriters will be obliged to subscribe or procure subscribers for any Offer Shares not taken up by the Qualifying Shareholders.

Pursuant to the terms of the Underwriting Agreement, (i) the Substantial Shareholder had undertaken to procure the subscription of 158,732,036 Offer Shares to which Best Mineral Resource is entitled under the Open Offer, and (ii) the Company have agreed that the aggregate Subscription Price for the 158,732,036 Offer Shares, required to be paid by Best Mineral Resources under the Open Offer which amount to HK\$15,873,203.60 will be set off against an equivalent amount of the face value of the Convertible Bond.

The completion of the Set Off is subject to the same conditions of the Underwriting Agreement. Completion of the Set Off and the Open Offer shall take place simultaneously.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries:

- (a) Partners Capital is a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO;
- (b) OSK Securities is a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry on business in type 1 and type 4 regulated activities (dealing in securities and advising on securities) under the SFO;

- (c) Phoenix Capital is a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry on business in type 1 and type 2 regulated activities (dealing in securities and dealing in futures contracts) under the SFO; and
- (d) each of the Underwriters, their respective ultimate beneficial owners and their respective associates is third parties independent of and not connected with the Company and its connected persons (as defined in the Listing Rules).

Conditions of the Open Offer

The Open Offer is conditional, among other things, on each of the following conditions being fulfilled:

- (a) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies Ordinance not later than the date on which the Prospectus is despatched;
- (b) the passing by no later than the Prospectus Posting Date by the Independent Shareholders (or, where appropriate, Shareholders) at the SGM of ordinary resolutions to approve the Open Offer, the Set Off and the Change of Terms of the Convertible Bond;
- (c) the posting of the Prospectus Documents to the Qualifying Shareholders on or before the Prospectus Posting Date;
- (d) the filing with the Registrar of Companies in Bermuda one copy of the Prospectus Documents duly signed by either all Directors or one of the Directors (for and on behalf of all the Directors)(and all other documents to be attached thereto) and otherwise in compliance with the Companies Act not later than the Prospectus Posting Date;
- (e) the obtaining of the permission of the Bermuda Monetary Authority for the issue of the Offer Shares, if necessary;

- (f) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked listing of and permission to deal in all the Offer Shares by no later than the Prospectus Posting Date;
- (g) compliance with and performance of all the undertakings and obligations of the Company under the terms of the Underwriting Agreement;
- (h) compliance with and performance of all the undertakings and obligations of the Underwriters under the terms of the Underwriting Agreement;
- (i) compliance with and performance of all undertakings and obligations of holders of the Share Options not to exercise any of the Share Options held by each of them before the Record Date;
- (j) compliance with and performance of all undertakings and obligations of the Substantial Shareholder under the terms of the Underwriting Agreement;
- (k) compliance with and performance of all undertakings and obligations of the Warrantholder not to exercise the subscription rights attaching to the Warrants, or transfer or otherwise dispose of any of the Warrants, before the Record Date; and
- (l) all requirements and conditions imposed by the Stock Exchange or under the Listing Rules or otherwise in connection with the transactions contemplated by the Underwriting Agreement having been fulfilled or complied with by not later than the Latest Time for Termination.

The conditions set out above are not capable of being waived. If the conditions of the Open Offer under the Underwriting Agreement are not fulfilled by the relevant dates and times specified in the Underwriting Agreement (or, in each case, such later date or time as Partners Capital (on behalf of the Underwriters) may agree in writing with the Company pursuant to the Underwriting Agreement), the Underwriting Agreement will terminate and no party thereto will have any claim against any other party for costs, damages compensation or otherwise save for any antecedent breaches. If the Underwriting Agreement is terminated in accordance with its terms, the Open Offer will not proceed.

Underwriting Commission

The Company will pay the Underwriters an underwriting commission of 3.5% of the aggregate Subscription Price in respect of the Underwritten Shares for which each of the Underwriters has agreed to subscribe or procure subscription and all reasonable legal fees and other reasonable out-of-pocket expenses of the Underwriters in respect of the Open Offer. The Directors (excluding the independent non-executive Directors) are of the view that the commission is fair and reasonable.

Termination of the Underwriting Agreement

Partners Capital (on behalf of the Underwriters) may at its sole and absolute discretion terminate the Underwriting Agreement by notice in writing given to the Company at any time prior to Latest Time for Termination if there occurs any of the following events:

- (1) in the reasonable opinion of Partners Capital (on behalf of the Underwriters), the success of the Open Offer would be materially and adversely affected by:
 - (a) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the reasonable opinion of Partners Capital (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Open Offer; or
 - (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the reasonable opinion of Partners Capital (on behalf of the Underwriters) materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or

- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the reasonable opinion of Partners Capital (on behalf of the Underwriters) is likely to materially or adversely affect the success of the Open Offer or otherwise makes it inexpedient or inadvisable to proceed with the Open Offer; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the reasonable opinion of Partners Capital (on behalf of the Underwriters) will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or
- (4) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of the Announcement, the Circular or the Prospectus Documents or other announcements or circulars in connection with the Open Offer.

If, prior to the Latest Time for Termination:

- (a) any material breach of any of the representations, warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriters; or
- (b) any specified event described in the Underwriting Agreement comes to the knowledge of the Underwriters,

Partners Capital (on behalf of the Underwriters) shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement.

If Partners Capital (on behalf of the Underwriters) gives a notice of termination to the Company in accordance with the terms of the Underwriting Agreement, all obligations of the Underwriters under the Underwriting Agreement shall cease and no party shall have any claim against any other party in respect of any matter or thing arising out of or in connection with the Underwriting Agreement. If Partners Capital (on behalf of the Underwriters) exercises its right to terminate the Underwriting Agreement, the Open Offer will not proceed.

CHANGE OF TERMS OF THE CONVERTIBLE BOND

On 19 September 2008, the Company issued the Convertible Bond to Best Mineral Resources. The Convertible Bond carries an annual interest of 2.75% based on the outstanding principal amount. The Convertible Bond is convertible into Shares at an initial Conversion Price of HK\$0.689 per Share (subject to adjustments). The outstanding principal amount of the Convertible Bond shall be redeemed at par with accrued interest paid by the Company on its maturity date on 19 September 2013.

The Set Off is a means for Best Mineral Resources to settle the subscription price for its pro rata entitlement under the Open Offer of approximately HK\$15.9 million, by reducing an equivalent amount of the face value of the Convertible Bond held by Best Mineral Resources. Pursuant to the terms of the Convertible Bond, the holder(s) of the Convertible Bond does not have the right to demand for redemption by the Company of the Convertible Bond prior to its maturity date. To facilitate the arrangements of the Set Off as set out in the Underwriting Agreement, the Company and Best Mineral Resources will enter into the Modification Deed in respect of the agreement between the Company and Best Mineral Resources to modify the terms and conditions of the Convertible Bond, such that the holder(s) of the Convertible Bond shall be entitled to demand for redemption of the Convertible Bond by the Company at any time prior to its maturity date by giving 5 days' advance notice to the Company for the amount of not more than HK\$15,873,203.60 for the purpose of the Set Off. As such, on acceptance of its entitlement under the Open Offer, notice will be given by Best Mineral Resources to demand for early redemption by the Company of the Convertible Bond in the principal amount equivalent to the amount of the subscription price of approximately HK\$15.9 million. Upon receipt of such notice, the Company shall effect necessary book entries to reflect such Set Off in the consolidated financial statements of the Company.

The Modification Deed shall take effect from the day after the condition precedent (b) of the Open Offer as mentioned above is satisfied or such later date as the Company and Best Mineral Resources may agree. Save for the proposed amendment as mentioned above and other corresponding changes to the terms and conditions of the Convertible Bond, other terms and conditions of the Convertible Bond, including but not limited to the restriction on the exercise of conversion rights attached to the Convertible Bond that the conversion of the Convertible Bond shall not trigger a general offer obligation on the holder of the Convertible Bond under the Takeovers Code, shall remain unchanged.

The Change of Terms of the Convertible Bond could facilitate the Set Off and enable the Company to (i) reduce the amount payable under the Convertible Bond at maturity; (ii) reduce the interest payable by the Company during the remaining term of the Convertible Bond and improve the financial performance of the Company; (iii) improve the gearing position of the Company and overall financial position of the Company; and (iv) strengthen the capital base of the Company. In view of the above, the Directors believe that the Change of Terms of the Convertible Bond is in the interests of the Company and Shareholders as a whole.

The Substantial Shareholder has undertaken in the Underwriting Agreement to procure Best Mineral Resources to enter into the Modification Deed on or before the third Business Day before the date of despatch of the Circular.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is conditional, inter alia, upon the fulfillment of the conditions set out below under the section headed “Conditions of the Open Offer”. In particular, the Open Offer is conditional upon the approval of the Open Offer, the Change of Terms of the Convertible Bond and the Set Off by the Independent Shareholders at the SGM by way of poll. Partners Capital (on behalf of the Underwriters) is entitled under the Underwriting Agreement to terminate the Underwriting Agreement on the occurrence of certain events, including but not limited to force majeure, as described below. The Open Offer is also subject to Partners Capital (on behalf of the Underwriters) not terminating the Underwriting Agreement. Accordingly, the Open Offer may or may not proceed.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are advised to consult their own professional advisers.

EXPECTED TIMETABLE

The expected timetable for the implementation of the Open Offer and the associated trading arrangements, including the date of despatch of the share certificates in respect of the Offer Shares, will be announced by the Company in due course.

REASONS FOR THE OPEN OFFER, THE CHANGE OF TERMS OF THE CONVERTIBLE BOND, THE SET OFF AND USE OF PROCEEDS

The Group is principally engaged in the operation of shopping malls in the PRC. The gross proceeds of the Open Offer will be approximately HK\$58.41 million. It is expected that the aggregate expenses in connection with the Open Offer will be approximately HK\$2.5 million. The net cash proceeds from the Open Offer, after the Set Off, of approximately HK\$40 million will be used for the renovation of the Xian Bell Tower Store and the renovation and expansion of the Hi-Tech Store of “Century Ginwa” department stores. The Group intends to introduce several famous international brandnames to Xian Bell Tower Store in order to attract more customers, thereby expanding its basis for revenue generation. It is also intended by the Group that new electric power station will be installed in order to cope with the increase in demand for electricity supply of the stores after the renovation. The renovation project will also cover the new office complex, which is intended to be used as the new headquarters of the Group in the PRC.

For the renovation and expansion of the Hi-Tech Store, it is expected that the business area of Xian Hi-Tech Store will be increased by not less than 800 square metres after the renovation. The Directors believe that the Hi-Tech Store will be able to generate additional income after its expansion and renovation, and it is intended that approximately six international leading cosmetic brandnames and approximately four international fashion brandnames will be introduced.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Xian Bell Tower has not carried out any substantial renovation for the past five years. In addition, the premises where Xian Bell Tower Store and Hi-Tech Store situate are located in one of the prime locations in Xian, the PRC, and the Group has no intention to relocate Xian Bell Tower Store and Hi-Tech Store at the moment. As such, the Directors consider that the above renovation and expansion are necessary and are in the interest of the Company and the Shareholders as a whole.

As at the date of this announcement, the Convertible Bond has an outstanding principal amount of approximately HK\$1.1 billion. The Convertible Bond has been accounted for as long term liabilities of the Company and constitutes a significant portion of total liabilities of the Company. The annual interest rate of the Convertible Bond of 2.75% has exerted financial burden on the Group's overall performance. During the six-month period ended 30 June 2009, the unaudited finance costs of the Group is over HK\$69 million, a substantive amount of which was attributable to the interest payable under the Convertible Bond. Unless the Convertible Bond is converted into Shares by the holder before maturity, the Company is obligated to settle the Convertible Bond by cash at maturity and its accrued interest annually.

Under the Set Off arrangement, the Company will issue 158,732,036 Shares and redeem part of the principal amount of the Convertible Bond before maturity. As such, the Directors consider that the Set Off would enable the Company to (i) lessen the amount payable at the maturity date of the Convertible Bond and provide more flexibility for the Company to allocate its financial resources for the benefits of the Company; (ii) reduce the interest payable by the Company during the remaining term of the Convertible Bond and improve the financial performance of the Company; (iii) improve the gearing position of the Company and overall financial position of the Company; and (iv) strengthen the capital base of the Company.

To further illustrate, the Group has been putting efforts in strengthening its financial position, including but not limited to raising sufficient funding for the business development of the Group and reducing its level of borrowings and indebtedness. As such, when formulating the structure of the Open Offer, the Directors had taken into account various factors including but not limited to raising sufficient funds to further develop its principal business, while at the same time, to reduce the level of borrowings and indebtedness of the Group.

In addition, having considered other fund raising alternatives for the Group, such as placing of new Shares or other convertible securities, and taking into account the benefits and cost of each of the alternatives, the Board considers that the Open Offer is in the interest of the Company and the Shareholders as a whole as it offers all the Qualifying Shareholders an equal opportunity to participate in the enlargement of the capital base of the Company at the same price and enables the Qualifying Shareholders to maintain their proportionate interests in the Company and continue to participate in the future development of the Company should they wish to do so.

The Set Off arrangement was agreed among the Company, Best Mineral Resources and the Substantial Shareholder after arms' length negotiation. According to the existing structure of the Open Offer, apart from the funds raised, the financial position of the Group can be further strengthened as the amount of liabilities of the Group would be reduced on a dollar-for-dollar basis against the face value of the Convertible Bond. Given such basis, the Directors consider that, in particular, there is no preferential treatment being extended to Best Mineral Resources and the Substantial Shareholder as an amount equivalent to the subscription price payable by Best Mineral Resources for accepting its pro rata entitlement under the Open Offer will be set off against the face value of the Convertible Bond. With such Set Off, the corresponding amount of interest to be accrued on such portion of the Convertible Bond during the remaining term of the Convertible Bond would be saved.

In view of the above, the Directors (excluding the independent non-executive Directors) consider the Open Offer, the Change of Terms of the Convertible Bond and the Set Off are in the interests of the Company and Shareholders as a whole.

The Directors (excluding independent non-executive Directors whose opinion on the matter will be set forth in the Circular after having been advised by the independent financial adviser in this regard) believe that the Open Offer, the Change of Terms of the Convertible Bond and the Set Off will enable the Group to (i) repay part of the Convertible Bond; (ii) further enhance the financial position of the Group and reduce its gearing level; (iii) reduce part of the future finance costs of the Convertible Bond; and (iv) strengthen the capital base of the Company. The Group will be in a better financial position for future development as a result of the Open Offer, the Change of Terms of the Convertible Bond and the Set Off. The Directors (excluding independent non-executive Directors whose opinion on the matter will be set forth in the Circular after having been advised by the independent financial adviser in this regard) accordingly consider that the Open Offer, the Change of Terms of the Convertible Bond and the Set Off is in the interests of the Company and the Shareholders as a whole.

PREVIOUS FUND RAISING EXERCISE OF THE COMPANY

On 31 July 2009, the Company and the Warrantholder entered into a subscription agreement in relation to the placing of 231,600,000 Warrants at an issue price of HK\$0.011 per Warrant. The net proceeds received by the Company for the issue of the Warrants amounted to about HK\$2.44 million and was intended to be applied as general working capital of the Group. As at the date hereof, the Warrantholder has exercised subscription rights attaching to 10,000,000 Warrants and additional proceeds of HK\$2.9 million had been received by the Company. As at the date hereof, approximately HK\$2.9 million of the aggregate net proceeds received by the Company from the issue of the Warrants and the exercise of the 10,000,000 Warrants has been utilized as general working capital of the Group.

Save as disclosed above, the Company has not conducted any fund raising exercises in the past 12 months immediately preceding the date of this announcement.

SHAREHOLDING IN THE COMPANY

The table below depicts the possible shareholding structure of the Company as at the date of this announcement and the possible changes upon completion of the Open Offer, on the basis of the public information available to the Company on the date of this announcement, after the Directors having making reasonable enquiries and assuming there is no other changes in the shareholding structure of the Company since the date of this announcement:–

Shareholders	As at the date of this announcement		Upon completion of the Open Offer Assuming no conversion of the Convertible Bond and no exercise of the outstanding Share Options and the subscription rights attaching to the Warrants on or before the Record Date			
	Number of Shares	Approximate %	Assuming no Qualifying Shareholders take up their respective entitlements under the Open Offer (except Best Mineral Resources)		Assuming full subscription by the Qualifying Shareholders as to their respective entitlements under the Open Offer	
			Number of Shares	Approximate %	Number of Shares	Approximate %
Best Mineral Resources (<i>Note 1</i>)	317,464,072	27.17	476,196,108	27.17	476,196,108	27.17
Sha Yingjie (<i>Note 2</i>)	824,000	0.07	824,000	0.05	1,236,000	0.07
The Warrantholder	4,090,000	0.35	4,090,000	0.23	6,135,000	0.35
The Underwriters:						
Partners Capital	–	–	209,388,390	11.95	–	–
Phoenix Capital	–	–	100,000,000	5.71	–	–
OSK Securities	–	–	116,000,000	6.62	–	–
Public Shareholders	845,862,780	72.41	845,862,780	48.27	1,268,794,170	72.41
Total	<u>1,168,240,852</u>	<u>100</u>	<u>1,752,361,278</u>	<u>100</u>	<u>1,752,361,278</u>	<u>100</u>

Notes:

1. Mr. Chen Jian, the Substantial Shareholder, held 100% of the issued share capital of Best Mineral Resources. As such, Mr. Chen Jian is deemed to be interested in 317,464,072 Shares by virtue of his shareholding in Best Mineral Resources. As at the date of this announcement, Mr. Chen Jian does not hold any position in the Group. In addition, as disclosed in this announcement, Mr. Chen Jian has undertaken in favour of the Company and the Underwriters, inter alia, to subscribe for, or to procure Best Mineral Resources to subscribe for the 158,732,036 Offer Shares to which Best Mineral Resources is entitled to under the Open Offer.
2. Mr. Sha Yingjie is an executive Director.

LISTING RULES IMPLICATIONS

The Open Offer

As at the date of this announcement, Best Mineral Resources is a substantial Shareholder interested in 317,464,072 Shares, represents approximately 27.17% of the entire issued share capital of the Company as at the date hereof. Accordingly, Best Mineral Resources and the Substantial Shareholder, being the sole legal and beneficial owner of the entire issued shares of Best Mineral Resources, are connected persons of the Company and the entering into of the Underwriting Agreement (incorporating details of the arrangements for the Set Off) and the Modification Deed constitutes connected transactions on the part of the Company under the Listing Rules. The Open Offer, the Change of Terms of the Convertible Bond and the Set Off are subject to the reporting and announcement requirements and the approval of the Independent Shareholders reporting and announcement requirements and the approval of the Independent Shareholders by poll at the SGM under the Listing Rules.

The Substantial Shareholder, Best Mineral Resources and their associates are required to abstain from voting at the SGM for the resolutions approving the Open Offer, the Change of Terms of the Convertible Bond and the Set Off.

GENERAL

The Independent Board Committee comprising all the three independent non-executive Directors, namely Mr. Chan Wai Kwong, Peter, Mr. Fu Wing Kwok, Ewing and Mr. Tsang Kwok Wai, has been established by the Company to advise the Independent Shareholders on the terms of the Open Offer, the Change of Terms of the Convertible Bond and the Set Off. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The Circular containing, among other things, further details of the Open Offer, the Change of Terms of the Convertible Bond and the Set Off, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, a letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Open Offer, the Change of Terms of the Convertible Bond and the Set Off, together with a notice of the SGM, will be despatched by the Company to the Shareholders as soon as practicable.

Subject to the Open Offer, the Change of Terms of the Convertible Bond and the Set Off being approved at the SGM, the Prospectus or Prospectus Documents, where appropriate, containing further information on the Open Offer will be despatched to the Shareholders as soon as practicable.

ADJUSTMENTS TO CONVERSION PRICE OF THE CONVERTIBLE BOND, THE WARRANTS AND EXERCISE PRICE AND NUMBER OF THE SHARE OPTIONS

Adjustments to the Conversion Price of the Convertible Bond in issue, the subscription price of the Warrants and the exercise price and number of the outstanding Share Options may be required under the relevant terms of the instrument constituting the Convertible Bond, the Warrants and the Share Option Scheme. Further announcement will be made by the Company in this regard.

RESUMPTION OF TRADING

At the request of the Company, trading in the issued Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 12 November 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the issued Shares from 9:30 a.m. on 17 November 2009.

DEFINITIONS

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

“Application Form”	the application form to be used by the Qualifying Shareholders to apply for the Offer Shares
“associate(s)”	has the same meaning ascribed to it in the Listing Rules
“Best Mineral Resources”	Best Mineral Resources Limited, a company incorporated in the British Virgin Islands, the entire issued share capital of which is wholly and beneficially owned by the Substantial Shareholder

“Board”	the board of Directors
“Business Day”	a day on which licensed banks in Hong Kong are generally open for business throughout their normal business hours (other than a Saturday, Sunday or public holiday)
“Change of Terms of the Convertible Bond”	the proposed change of the terms of the Convertible Bond such that the holder(s) of the Convertible Bond may demand for redemption by the Company of the Convertible Bond at any time prior to its maturity date by giving 5 days’ notice to the Company for the amount of not more than HK\$15,873,203.60 for the purpose of the Set Off
“Circular”	the circular to be despatched to the Shareholders by the Company relating to, among other things, the Open Offer, the Change of Terms of the Convertible Bond and the Set Off
“Company”	China Golden Development Holdings Limited (stock code: 162), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange
“Companies Act”	Companies Act 1981 of Bermuda
“Convertible Bond”	convertible bond with an aggregate outstanding principal amount of HK\$1,104,216,100 convertible into 1,602,635,849 Shares at an initial Conversion Price of HK\$0.689 per Share (subject to adjustment) and held by Best Mineral Resources
“Conversion Price”	the initial conversion price of HK\$0.689 per Share (subject to adjustment) to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the Convertible Bond

“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company comprising three independent non-executive Directors, namely Mr. Chan Wai Kwong, Peter, Mr. Fu Wing Kwok, Ewing and Mr. Tsang Kwok Wai, established to give recommendation to the Independent Shareholders regarding the Open Offer, the Change of Terms of the Convertible Bond and the Set Off
“Independent Shareholders”	Shareholders other than the Substantial Shareholder, Best Mineral Resources and their associates
“Last Trading Day”	11 November 2009, being the last trading day before the suspension of the trading of the Shares for the purpose of the release of this announcement
“Latest Time for Acceptance”	being the latest time for acceptance of, and payment for, the Offer Shares as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on the third Business Day after the Latest Time for Acceptance or such later time or date as may be agreed between the Company and Partners Capital (on behalf of the Underwriters), being the latest time to terminate the Underwriting Agreement
“Listing Committee”	the listing sub-committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Modification Deed”	the modification deed to be entered into between the Company and Best Mineral Resources in relation to the Change of Terms of the Convertible Bond, such Modification Deed shall be in form and substance satisfactory to the Company, Best Mineral Resources and the Substantial Shareholder
“Non-Qualifying Shareholders”	Overseas Shareholders in respect of whom the Directors, based on legal opinions provided by the legal advisers, consider it necessary or expedient not to offer the Open Offer to such Shareholders on account either of the legal restrictions under the laws of the relevant places or the requirements of the relevant regulatory bodies or stock exchanges in those places
“Offer Shares”	new Shares to be allotted and issued under the Open Offer, being 584,120,426 Shares
“Open Offer”	the issue of one Offer Share for every two Shares held on the Record Date at the Subscription Price
“OSK Securities”	OSK Securities Hong Kong Limited, a company incorporated in Hong Kong, and is a licensed corporation to carry on business in type 1 and type 4 regulated activities (dealing in securities and advising on securities) under the SFO, being one of the underwriters of the Open Offer
“Overseas Shareholders”	Shareholders whose names appear on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register are in a place(s) outside Hong Kong
“Partners Capital”	Partners Capital Securities Limited, a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry on business in type 1 regulated activity (dealing in securities) under the SFO, being one of the underwriters of the Open Offer

“Phoenix Capital”	Phoenix Capital Securities Limited, a company incorporated in Hong Kong with limited liability, and is a licensed corporation to carry on business in type 1 and type 2 regulated activities (dealing in securities and dealing in futures contracts) under the SFO, being
“PRC”	the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus to be issued to the Shareholders containing details of the Open Offer
“Prospectus Documents”	the Prospectus and Application Form
“Prospectus Posting Date”	the date of posting the Prospectus Documents to Qualifying Shareholders and the Prospectus to Non-Qualifying Shareholders for their information
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders, whose names appear on the register of members of the Company at the close of business on the Record Date
“Record Date”	the date by reference to which entitlements to the Open Offer are to be determined
“Set Off”	the set off of the Subscription Price for the 158,732,036 Offer Shares to which Best Mineral Resources is entitled under the Open Offer and payable by Best Mineral Resources against an equivalent amount of the face value of the Convertible Bond, such set off shall be conducted in such manner as provided for in the Underwriting Agreement
“SFC”	the Securities and Futures Commission of Hong Kong

“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company to be convened and held at which resolution(s) will be proposed to consider, and, if thought fit, approve, among others, the Open Offer, the Change of Terms of the Convertible Bond and the Set Off
“Share(s)”	share(s) of HK\$0.10 each in the share capital of the Company
“Share Options”	the options to subscribe for Shares granted pursuant to the Share Option Scheme and subsisting at the date of this announcement
“Share Option Scheme”	the share option scheme of the Company adopted on 6 November 2001
“Shareholder(s)”	holder(s) of issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.10 per Offer Share
“Substantial Shareholder”	Chen Jian, a PRC citizen, being the ultimate beneficial owner of the entire issued share capital of Best Mineral Resources
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriters”	together, Partners Capital, Phoenix Capital and OSK Securities, and each an “Underwriter”
“Underwriting Agreement”	the underwriting agreement dated 11 November 2009 entered into among the Company, the Underwriters and the Substantial Shareholder in relation to the underwriting and certain other arrangements in respect of the Open Offer

“Underwritten Shares”	the total number of Offer Shares which Shareholders are entitled pursuant to the Open Offer less such number of the Offer Shares the Substantial Shareholder has undertaken to subscribe or procure Best Mineral Resources to subscribe for, amounts to 425,388,390 Offer Shares
“Warrantholder”	Li Peng, a PRC citizen, being the holder of the 221,600,000 Warrants
“Warrants”	non-listed warrant(s) issued by the Company each entitles the holder thereof to subscribe for one Share at the initial subscription price of HK\$0.29 (subject to adjustment) at any time from the date of issue of the Warrants to the date falling two years after the date of issue of the Warrants
“%”	per cent.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

On behalf of the board of
China Golden Development Holdings Limited
Hu Yangxiong
Vice Chairman and Chief Executive Officer

Hong Kong, 16 November 2009

As at the date of this announcement, the Board comprises of five executive Directors, namely Messrs. Hu Yangxiong, Qu Jiaqi, Li Haogang, Sha Yingjie and Ms. Lu Xiaoling, and three independent non-executive Directors, namely Messrs. Chan Wai Kwong, Peter, Fu Wing Kwok, Ewing and Tsang Kwok Wai.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any such statement contained in this announcement misleading.