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**FAR EAST GOLDEN RESOURCES GROUP LIMITED**  
**遠東金源集團有限公司**

*(incorporated in Bermuda with limited liability)*

**(Stock Code: 1188)**

**PLACING OF EXISTING SHARES AND  
TOP-UP SUBSCRIPTION OF NEW SHARES**

**Placing Agent**



**UPBEST SECURITIES COMPANY LIMITED**

**PLACING AND TOP-UP SUBSCRIPTION**

After the close of trading hours on 1 December 2009:

- (1) the Vendor and the Placing Agent entered into the Placing Agreement by which the Vendor has agreed to place, through the Placing Agent and on a best efforts basis, a maximum of 190,000,000 Placing Shares held by the Vendor to not fewer than six Placees (who are or expected to be Independent Third Parties) at a price of HK\$0.265 per Placing Share; and

(2) the Vendor and the Company entered into the Top-Up Subscription Agreement by which the Vendor has agreed to subscribe for, and the Company has agreed to allot and issue, such number of Top-Up Subscription Shares equivalent to the number of Placing Shares actually sold by the Vendor under the Placing at a price of HK\$0.265 per Top-Up Subscription Share.

The Placing Shares (or the Top-Up Subscription Shares) of up to 190,000,000 Shares represent (i) about 3.40% of the Company's existing issued share capital of the Company as at the date of this announcement and (ii) about 3.29% of the Company's issued share capital as enlarged by the Top-Up Subscription.

The Placing is unconditional while the Top-Up Subscription is conditional upon (i) the completion of the Placing and (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Top-Up Subscription Shares.

The Top-Up Subscription Shares will be allotted and issued pursuant to the general mandate granted to the Directors at the AGM.

The maximum gross proceeds from the Top-Up Subscription will be HK\$50.35 million and the net proceeds will be approximately HK\$45.85 million, which is intended to be used by the Company for general working capital of the Group.

## **PLACING AGREEMENT DATED 1 DECEMBER 2009**

### **Parties involved**

- (1) Huang Xiujuan, the Vendor
- (2) Upbest Securities Company Limited, the Placing Agent

The Vendor is an existing Shareholder. The Vendor was holding 340,560,000 Shares, representing about 6.09% of the existing issued share capital of the Company of 5,588,210,464 Shares, immediately prior to the entering into of the Placing Agreement.

The Placing Agent is a corporation licensed to carry on Types 1, 4, 6 and 9 Regulated Activities within the meaning of the SFO. The Placing Agent and its ultimate beneficial owners are third parties independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules).

**Placees**

The Placing Agent has undertaken to place the Placing Shares, on a best efforts basis, to not fewer than six Placees who and, if applicable, whose respective ultimate beneficial owner(s) is/are independent of, and not connected nor acting in concert with (for the purpose of the Takeovers Code) any director(s), chief executive(s) or substantial shareholder(s) of the Company or any of its subsidiaries or any of their respective associates.

It is expected that none of the Placees will become a substantial Shareholder immediately after the Placing.

**Number of Placing Shares:**

A maximum of 190,000,000 Shares, representing about 3.40% of the Company's existing issued share capital of 5,588,210,464 as at the date of this announcement and about 3.29% of the Company's issued share capital of 5,778,210,464 Shares as enlarged by the Top-Up Subscription.

The aggregate nominal value of the Placing Shares (or the Top-Up Subscription Shares) is HK\$19,000,000.

**Lock-up restriction**

The Placing Shares, when allotted and issued, will not be subject to any lock-up restriction under the terms of the Placing Agreement.

**Placing Price**

The Placing Price (or the Top-Up Subscription Price) of HK\$0.265 per Placing Share represents:

- (i) a discount of about 11.67% to the closing price of HK\$0.30 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of about 10.16% to the average closing price of HK\$0.295 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of about 11.81% to the average closing price of HK\$0.3005 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis amongst the Vendor, the Company and the Placing Agent.

The total amount of Placing Price for the Placing Shares is HK\$50.35 million.

**Rights to the Placing Shares:**

The Placing Shares will be sold by the Vendor free from all liens, charges, encumbrances and any third party rights and together with all rights attaching thereto at the date of completion of the Placing.

**Placing commission payable to the Placing Agent:**

The placing commission is calculated as 8.0% of the amount equal to the Placing Price multiplied by the number of the Placing Shares actually sold by the Placing Agent under the Placing (which was determined by reference to the size, the current and expected market condition, the prospect of the business of the Group and the time allowed for the Placing Agent to procure Places for the Placing).

**Condition of the Placing:**

The Placing is unconditional.

**Completion of the Placing:**

Under the terms of the Placing Agreement, completion of the Placing is to take place on 3 December 2009 (or on such other date as may be agreed between the Vendor and the Placing Agent).

**TOP-UP SUBSCRIPTION AGREEMENT DATED 1 DECEMBER 2009**

**Parties involved:**

- (1) the Company
- (2) the Vendor (as the subscriber)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is (i) an Independent Third Party and does not hold any position with the Company or its subsidiaries and (ii) has no relationship with the Placing Agent or the Company other than the contractual relationship arising from the entering into of the Placing Agreement and the Top-Up Subscription Agreement (as the case may be).

**Top-Up Subscription Price:**

The Top-Up Subscription Price is HK\$0.265 per Top-Up Subscription Share. The Top-Up Subscription Price is the same as the Placing Price and was determined after arm's length negotiations between the Company and the Vendor with reference to the Placing Price.

**Number of Top-Up Subscription Shares:**

The number of Top-Up Subscription Shares is equivalent to the number of Placing Shares actually sold by the Vendor under the Placing.

**Ranking of Top-Up Subscription Shares:**

The Top-Up Subscription Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the issued Shares as at the date of allotment and issue of the Top-Up Subscription Shares.

**Conditions of the Top-Up Subscription:**

The Top-Up Subscription is conditional upon:

- (a) completion of the Placing; and
- (b) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, all of the Top-Up Subscription Shares.

The Top-Up Subscription Agreement does not provide either party the rights to waive the above conditions.

The Top-Up Subscription is not subject to the approval of the Shareholders.

### **Application for listing**

Application will be made by the Company to the Stock Exchange for the approval of the listing of, and permission to deal in, the Top-Up Subscription Shares.

### **Completion of the Top-Up Subscription**

The Top-Up Subscription will be completed within 14 days after the date of the Placing Agreement, that is, on or before 15 December 2009.

In the event that the conditions to the Top-Up Subscription are not fulfilled by 15 December 2009 (or such later date as the parties thereto may mutually agree), the Top-Up Subscription will lapse.

### **Mandate for issue of the Top-Up Subscription Shares**

The Top-Up Subscription Shares (up to a maximum of 190,000,000 Shares) will be allotted and issued pursuant to the general mandate granted to the Directors at the AGM.

At the date of the AGM, the total number of Shares in issue was 5,483,054,464. The general mandate has not been utilized since it was granted at the AGM. Accordingly, the maximum number of new Shares which can be issued pursuant to the general mandate is 1,096,610,892 (representing 20% of the issued share capital of the Company as at the date of the AGM).

## EFFECT ON SHAREHOLDING STRUCTURE

Assuming that the Placing Shares have been successfully placed by the Placing Agent in full and that there is no change in the shareholding structure of the Company as at the date of this announcement to immediately before completion of the Placing and the Top-Up Subscription, the effect on the shareholding structure of the Company immediately after completion of the Placing and the Top-Up Subscription is as follows:

	Immediately before completion of the Placing		Immediately after completion of the Placing but before the Top-Up Subscription		Immediately after completion of the Placing and the Top-Up Subscription	
	Shares	%	Shares	%	Shares	%
Sun East LLC (Note 1)	2,213,268,989	39.61	2,213,268,989	39.61	2,213,268,989	38.30
Fortune Venture Holding Limited ("FVHL") (Note 2)	241,760,000	4.33	241,760,000	4.33	241,760,000	4.18
Hui Wing Sang, Wilson (Note 3)	2,000,000	0.04	2,000,000	0.04	2,000,000	0.03
Zhu Shengliang (Note 4)	5,333,883	0.10	5,333,883	0.10	5,333,883	0.09
<b>Public</b>						
Vendor	340,560,000	6.09	150,560,000	2.69	340,560,000	5.89
Placees (Note 5)	–	–	190,000,000	3.40	190,000,000	3.29
Other Shareholders	2,785,287,592	49.83	2,785,287,592	49.83	2,785,287,592	48.22
<b>Total</b>	<b>5,588,210,464</b>	<b>100</b>	<b>5,588,210,464</b>	<b>100</b>	<b>5,778,210,464</b>	<b>100</b>

### Notes:

1. Sun East LLC is owned as to 35% by Dr Yeung Yung (shared commonly with his spouse under the laws of California, the US) and 65% by Mr Ma Manwai (alias Ma Manwai, Philip) and Mr Jimmy Wang (alias Wang Jian) as co-trustees for certain trusts established for the benefit of the children of Dr Yeung Yung on 30 December 2002. Dr Yeung Yung (as well as his spouse) was deemed to be interested in these 2,213,268,989 Shares held by Sun East LLC under Part XV of the SFO.
2. FVHL, a company incorporated in the British Virgin Islands, is solely and beneficially owned by Madam Li Xiaoqin, the spouse of Dr Liu Quan, (an executive Director). Dr Liu Quan is deemed to be interested in the Shares held by his spouse through FVHL under Part XV of the SFO.
3. Mr Hui Wing Sang, Wilson is an executive Director.
4. Dr Zhu Shengliang is an executive Director.
5. The Placees procured or to be procured by the Placing Agent are or are expected to be Independent Third Parties.

## **REASONS FOR THE PLACING AND THE TOP-UP SUBSCRIPTION**

Although the Company has no immediate funding need on the proceeds from the Placing and the Top-Up Subscription, the Board considers that the Placing and the Top-Up Subscription represent an opportunity to (i) tap the advantage brought about by the favourable market conditions and (ii) raise additional capital for the Company to strengthen its capital base and liquidity (and, in turn, enable the Company to better cope with any market volatility that may possibly occur in the future) while broadening the shareholding base of the Company with a minimal dilution effect.

Given the lower costs and shorter time involved in the Placing and the Top-Up Subscription when compared with other means of fund raising exercises such as rights issue or open offer or bank borrowing, the Board believes that the Placing and the Top-Up Subscription is the most appropriate method in raising additional funds for the Group.

The Directors consider that the terms of the Placing and the Top-Up Subscription (including the Placing Price and the Top-Up Subscription Price) (which were determined after arm's length negotiation between the Company, the Vendor and the Placing Agent) are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **USE OF PROCEEDS**

The Company will bear the costs and expenses in connection with the Placing and the Top-Up Subscription incurred by the Vendor and the Company.

Taking into account the estimated expenses of the Placing and the Top-Up Subscription in the total amount of about HK\$4.5 million, the net price of each Placing Share (and each Top-Up Subscription Share) to be received by the Vendor (in the case of the Placing) and the Company (in the case of the Top-Up Subscription) is approximately HK\$0.241.

The maximum gross proceeds from the Top-Up Subscription will be HK\$50.35 million and the net proceeds from the Top-Up Subscription (after deducting the underwriting commission for the Placing and other expenses) will be approximately HK\$45.85 million.

The net proceeds from the Top-Up Subscription is intended to be used for general working capital of the Group.



## **FUND RAISING ACTIVITIES BY THE COMPANY DURING THE PAST 12 MONTHS**

The Company has not undertaken any fund raising activities within 12 months immediately prior to the date of this announcement.

### **GENERAL**

The Company is an investment holding company. The Group is principally engaged in the research and development of microbial fertilizer and environmental products business and natural resources business. In addition, the Group is actively exploring business opportunities in the automobile industry in the US, which include the research, development and commercialization of energy saving and environmental friendly, multi-fuel hybrid engine.

### **DEFINITIONS**

In the announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“AGM”	the annual general meeting of the Company held on 3 June 2009 at which (among others) resolution for the grant of the general mandate to allot, issue and otherwise deal with additional Shares not exceeding 20% of the issued share capital of the Company as at the date of the AGM was granted by the Shareholders to the Directors
“associate(s)”	has the same meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Far East Golden Resources Group Limited (遠東金源集團有限公司), an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules

“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Parties”	a party who is independent of, and is not connected with, any of the directors, chief executives or substantial shareholders of the Company or any of its subsidiaries or their respective associates
“Last Trading Day”	1 December 2009, being the last trading day in the Shares before the release of this announcement
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any institutional, corporate or individual investor(s) procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the terms of the Placing Agreement
“Placing”	the placing of a maximum of 190,000,000 existing Shares beneficially owned by the Vendor, through the Placing Agent, to the Placees at the Placing Price pursuant to the terms of the Placing Agreement
“Placing Agent”	Upbest Securities Company Limited, a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) Regulated Activities within the meaning of the SFO

“Placing Agreement”	the placing agreement entered into between the Vendor and the Placing Agent dated 1 December 2009 in relation to the Placing
“Placing Price”	HK\$0.265 per Share
“Placing Shares”	a maximum of 190,000,000 existing Shares to be placed through the Placing Agent, on a best efforts basis, under the Placing
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Top-Up Subscription Agreement”	the subscription agreement entered into between the Vendor and the Company dated 1 December 2009 in relation to the Top-Up Subscription
“Top-Up Subscription”	the subscription of the Top-Up Subscription Shares pursuant to the terms of the Top-Up Subscription Agreement
“Top-Up Subscription Price”	HK\$0.265 per Share
“Top-Up Subscription Shares”	such number of new Shares which is equal to the number of Placing Shares actually sold under the Placing (the maximum number being 190,000,000 Shares) to be subscribed for by the Vendor pursuant to the terms of the Top-Up Subscription Agreement

“Vendor”	Huang Xiujuan, an existing Shareholder
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board  
**Far East Golden Resources Group Limited**  
**Yeung Yung**  
*Chairman*

Hong Kong, 1 December 2009

*As at the date of this announcement, the Board comprises six executive Directors, namely Dr Yeung Yung (Chairman and Chief Executive Officer), Dr Liu Quan (Deputy Chairman), Mr Hui Wing Sang, Wilson, Dr Zhu Shengliang, Dr Wang Chuantao and Dr Hou Junwen and three independent non-executive Directors, namely Mr He Bangjie, Mr Wong Lee Hing and Mr Ting Kwok Kit, Johnny*