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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)

**CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF
THE REMAINING INTEREST IN
THE DEPARTMENT STORE IN
XIAN, SHAANXI, THE PRC**

Financial Adviser to the Company



INCUCorporate Finance Limited

THE AGREEMENT

The Board is pleased to announce that on 30 December 2010 after trading hours, GCWS, as purchaser, and the Vendors entered into the Agreement, pursuant to which GCWS conditionally agree to acquire and the Vendors conditionally agree to dispose of in aggregate 49% interest in Ginwa Tangrenjie Store, at the Consideration of RMB47,500,000 (equivalent to approximately HK\$55,575,000). The Consideration will be funded by internal resources of the Company.

Upon Completion, the Company will, through its wholly-owned subsidiaries, be interested in the entire interest of Ginwa Tangrenjie Store.

GENERAL

The Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. The Acquisition is subject to the reporting and announcement requirements, but are exempt from independent shareholders' approval requirements under the Listing Rules.

* *For identification purposes only*

THE ACQUISITION

Reference is made to the announcement of the Company and the circular of the Company dated 1 September 2010 and 30 October 2010 respectively in relation to the GCX Acquisition and the completion announcement dated 3 December 2010. The Board is pleased to announce that on 30 December 2010 after trading hours, GCWS entered into the Agreement with the Vendors to acquire in aggregate 49% interest in Ginwa Tangrenjie Store. Upon Completion, the Company will, through its wholly-owned subsidiaries, be interested in the entire interest of Ginwa Tangrenjie Store. Summarised below are the principal terms of the Agreement.

THE AGREEMENT

Date: 30 December 2010 (after trading hours)

Parties: (i) Purchaser: GCWS

(ii) Vendors: Mr. Liu Zongren, a PRC citizen, a substantial shareholder of Ginwa Tangrenjie Store holding 26.46% interest, a connected person of the Company

Mr. Qi Jianbin, a PRC citizen, a substantial shareholder of Ginwa Tangrenjie Store holding 22.54% interest, a connected person of the Company

Since Mr. Liu Zongren and Mr. Qi Jianbin are both substantial shareholders of Ginwa Tangrenjie Store, a subsidiary of the Group, they are both regarded as connected persons of the Company under the Listing Rules.

Subject matter of the Acquisition

49% interest in the entire registered capital of Ginwa Tangrenjie Store.

Consideration

The Consideration of RMB47,500,000 (equivalent to approximately HK\$55,575,000) was determined after arm's length negotiations between the Group and the Vendors with reference to the net asset value of Ginwa Tangrenjie Store, the financial position, business prospects and benefits to be accrued from the acquisition of the remaining interest.

Though the Consideration represents a premium over the 49% of the net asset value of Ginwa Tangrenjie Store, having considered that (i) the interest to be acquired represents all the remaining interest of Ginwa Tangrenjie Store; (ii) the Acquisition helps to consolidate and reinforce the control in Ginwa Tangrenjie Store which will enhance the flexibility in decision making and implementation of policies efficiently; (iii) the Acquisition is in line with the overall business strategy of the Group; and (iv) the growth of the business in the future and the increase in the interests will benefit the Group as a whole, the Directors (including the independent non-executive Directors) are of the view that the terms of the Consideration are on normal commercial terms and are fair and reasonable.

The Consideration will be funded by internal resources of the Company.

Conditions precedent of the Acquisition

Completion is conditional upon fulfillment of the following conditions:

- (a) GCWS being satisfied with the results of the due diligence review to be conducted on Ginwa Tangrenjie Store (including but not limited to the financial, business and legal investigation);
- (b) the obtaining of all necessary consents and approvals from all relevant authorities in respect of the transfer of interests in Ginwa Tangrenjie Store and change in company nature of Ginwa Tangrenjie Store and the obtaining of all the relevant approvals and license;
- (c) the obtaining of all necessary consents, approvals, permit and authorization required in relation to the Agreement and the transactions contemplated thereunder;
- (d) the obtaining of a PRC legal opinion from PRC legal adviser to be appointed by the Vendors (in form and substance satisfactory to GCWS) covering matters in relation to the Agreement and the transactions contemplated thereunder; and
- (e) there does not exist any matter, fact or circumstance which constitutes, or may constitute a breach of the representations, undertaking and warranties provided by the Vendors under the Agreement.

GCWS may waive conditions (a) and (e) above at any time by notice in writing. As at the date of this announcement, GCWS has no intention to waive such conditions.

Completion

Completion shall take place in accordance with the terms of the Agreement after each of the conditions precedent set out above has been fulfilled or waived.

If any of the conditions has not been satisfied (or, as the case may be, waived by GCWS) on the date falling 12 months from the date of the Agreement (i.e. 29 December 2011) or such later date as the Vendors and GCWS may agree, the Agreement shall cease and terminate and neither party shall have any obligations and liabilities towards each other thereunder save and except for any antecedent breaches.

INFORMATION ON THE GINWA TANGRENJIE STORE

As at the date of this announcement, Ginwa Tangrenjie Store is a non wholly-owned subsidiary of the Company. Ginwa Tangrenjie Store is a limited liability company established in the PRC on 9 April 2009 with registered and fully paid up capital of RMB20,000,000. It is principally engaged in operation of a department store with a construction area of over 27,000m² in Xian, Shaanxi, the PRC.

The original purchase costs of the 26.46% and 22.54% interest of Ginwa Tangrenjie Store by Mr. Liu Zongren and Mr. Qi Jianbin were approximately RMB5.29 million and approximately RMB4.51 million respectively, being their contribution towards the registered capital of Ginwa Tangrenjie Store.

Set out below is the financial information of Ginwa Tangrenjie Store:

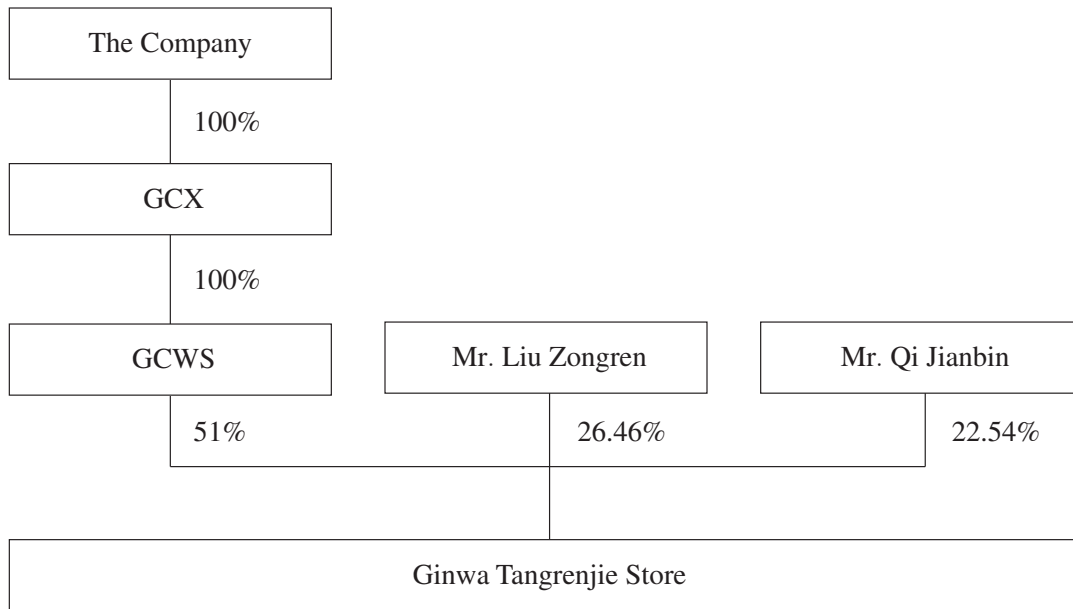
	Period from the date of establishment (9 April 2009) to 31 December 2009 RMB'000	Four months ended 30 April 2010 RMB'000
Turnover	1,664	3,546
Net loss before taxation	(7,890)	(2,775)
Net loss after taxation	(7,890)	(2,775)
	As at 31 December 2009 RMB'000	As at 30 April 2010 RMB'000
Net asset value	12,110	9,335

For further financial information of Ginwa Tangrenjie Store, please refer to the Appendix II-D of circular of the Company dated 30 October 2010.

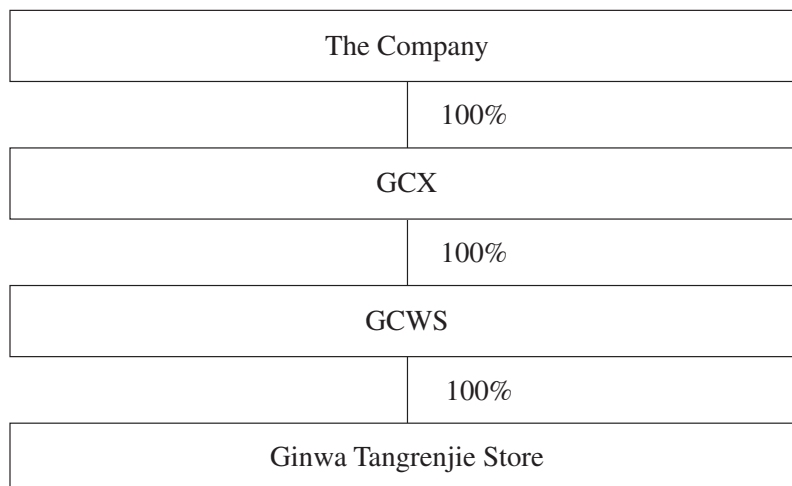
Group Structure

The following charts show the group structure of the Group immediately before and immediately after the Completion:

Simplified shareholding structure – as at the date of this announcement



Simplified shareholding structure – upon Completion



REASONS FOR AND BENEFIT OF THE ACQUISITION

The Group is principally engaged in operation of department stores in the PRC. The Directors consider that the Acquisition is in line with the Group's long term strategic goals for its department store business in the PRC.

As at the date of this announcement, the Company, through its indirect wholly-owned subsidiaries, is interested in 51% interest in Ginwa Tangrenjie Store. Upon Completion, the Company will, through its wholly owned subsidiaries, be interested in the entire interest in Ginwa Tangrenjie Store. The Directors are of the view that the Acquisition will enable the Group to maximize its share of profits to be derived from the business of Ginwa Tangrenjie Store in the future.

Having considered the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Acquisition are in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Vendors are connected person of the Company, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios in respect of the Acquisition, calculated in accordance with Chapter 14A of the Listing Rules, are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from independent shareholders' approval requirements under the Listing Rules.

As the GCX Acquisition was completed on 3 December 2010 and the Acquisition is expected to complete within a 12-month period after the completion of the GCX Acquisition, pursuant to Rule 14A.25 of the Listing Rules, the two transactions will be aggregated and treated as one transaction. Based on the applicable percentage ratios, the Acquisition, when aggregated with the GCX Acquisition, will be classified as a major transaction. As the two transactions on an aggregated basis do not result in a higher transaction classification as compared to that for the GCX Acquisition (which was classified as a major transaction), they will not be subject to additional Listing Rules requirements. The Acquisition would not be reclassified by aggregating with the GCX Acquisition.

None of the Directors have a material interest in the Acquisition and none of the Directors is required to abstain from voting on the relevant Board resolution approving the Acquisition.

DEFINITIONS

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

“Acquisition”	the acquisition of 49% interest in Ginwa Tangrenjie Store pursuant to the Agreement
“Agreement”	the agreement dated 30 December 2010 entered into between GCWS and the Vendors in relation to the Acquisition
“Board”	the board of Directors
“Company”	China Golden Development Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Agreement
“connected person”	has the meaning as ascribed under the Listing Rules
“Consideration”	the consideration for the Acquisition
“Directors”	directors of the Company
“GCWS”	金唐百貨有限公司 (Golden Chance (West Street) Shopping Centre Limited), a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company, and the purchaser to the Agreement
“GCX”	Golden Chance (Xian) Limited, a company incorporated in the British Virgin Islands with limited liability, a wholly-owned subsidiary of the Company
“GCX Acquisition”	the acquisition of the interest in GCX, which was completed on 3 December 2010
“Group”	the Company and its subsidiaries

“Ginwa Tangrenjie Store”	陝西世紀金花唐人街商場有限責任公司 (Shaanxi Century Ginwa Chinatown Shopping Mall Co., Limited), a company established in the PRC with limited liability of which the Company holds 51% interest
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Shareholder(s)”	holder(s) of Shares in the issued capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendors”	together, Mr. Liu Zongren and Mr. Qi Jianbin
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.
“m ² ”	square metre

On behalf of the board of
China Golden Development Holdings Limited
Choon Hoi Kit, Edwin
Chief Executive Officer

Hong Kong, 30 December 2010

For the purpose of this announcement, unless otherwise indicated, conversions of RMB into HK\$ is calculated at the approximate exchange rates of 1RMB=HK\$1.17. This exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at these rates or any other rates at all.

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Qiu Zhongwei, Mr. Choon Hoi Kit, Edwin, Mr. Qu Jiaqi (whose alternate is Mr. Li Haogang) and Mr. Sha Yingjie, one non-executive director, namely Mr. Chen Shuai, and three independent non-executive directors, namely Mr. Chan Wai Kwong, Peter, Mr. Fu Wing Kwok, Ewing and Mr. Tsang Kwok Wai.