



Golden Dragon Group (Holdings) Limited

金龍集團(控股)有限公司

(incorporated in the Cayman Islands with limited liability)
(Stock Code 329)

(A) COMPLETION OF VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION, (B) CONVERSION OF CONVERTIBLE NOTE, AND (C) UNUSUAL MOVEMENT IN TRADING VOLUME

On 14 June 2007, the Completion took place and the Convertible Note was issued to Smart Huge by the Company.

On 18 June 2007, 549,500,000 Shares were issued to Smart Huge upon the exercise of the conversion rights under the Convertible Note by Smart Huge. Upon allotment and issue of the Conversion Shares, the Convertible Note in the amount of RMB284,508,000 conferring on Smart Huge the right to convert Shares at HK\$1.80 per Share (subject to adjustment) remains outstanding.

The Board has noted the increase in trading volume of the Shares today and wishes to state that it is not aware of any reasons for such increase save as disclosed below.

COMPLETION OF VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION AND CONVERSION OF CONVERTIBLE NOTE

Reference is made to the announcements of Golden Dragon Group (Holdings) Limited (the "Company") dated 19 March 2007, 3 April 2007, 3 May 2007 and 18 May 2007 ("Announcements") and the circular of the Company dated 21 May 2007 (the "Circular").

Completion of the sale and purchase of the entire issued share capital of Best Partners Worldwide Limited (currently known as SBT Investment (Holdings) Limited) took place on 14 June 2007 (the "Completion"). The vendor, Ability Act Investments Limited, had directed the Company to issue the convertible note (the "Convertible Note") to its wholly owned subsidiary, Smart Huge Group Limited ("Smart Huge") and the Company accordingly issued the Convertible Note to Smart Huge on the same date.

On 15 June 2007, the Company received a notice of conversion (the "Conversion Notice") from Smart Huge exercising the right to convert part of the Convertible Note in the principal amount of RMB989,100,000 into 549,500,000 Shares (the "Conversion Shares") of HK\$0.10 each in the capital of the Company (the "Share(s)"), representing approximately 78.41% of the issued share capital of the Company before the issue of the Conversion Shares and approximately 43.95% of the total issued share capital of the Company as enlarged by the issue of the Conversion Shares respectively at the initial conversion price of HK\$1.80 per Share. Pursuant to the Conversion Notice, 549,500,000 Shares were allotted and issued to Smart Huge on 18 June 2007.

Details of the shareholding structure of the Company before and after the issue of the Conversion Shares are set out below:—

Name of Shareholder	Number of Shares held directly or indirectly before the issue of Conversion Shares	Approximate percentage of the total issued share capital of the Company	Number of Shares held directly or indirectly immediately after allotment and issue of the Conversion Shares	Approximate percentage of the enlarged total issued share capital of the Company
Absolute Target Limited ("Absolute Target") (note)	388,000,000	55.36%	388,000,000	31.03%
Smart Huge	—	—	549,500,000	43.95%
Sub-total of interest of Absolute Target and Smart Huge and their respective concert parties	388,000,000	55.36%	937,500,000	74.98%
Public	312,800,000	44.64%	312,800,000	25.02%
Total	700,800,000	100.00%	1,250,300,000	100.00%

Note:

As at the date hereof, Absolute Target is owned as to 46.25% by Mr. Wong Yin Sen, 42.50% by Mr. Hon Lik and 11.25% by Mr. Wong Hei Lin. As disclosed in the announcement of the Company dated 17 January 2007, Absolute Target has issued Exchangeable Bonds exchangeable for an aggregate of 65,000,000 Shares held by Absolute Target to two investors. It is also disclosed in such announcement that Absolute Target agreed to mortgage (i) 175,600,000 Shares in favour of one investor and (ii) 175,600,000 Shares in favour of the remaining investor.

Upon allotment and issue of the Conversion Shares, the Convertible Note in the amount of RMB284,508,000 conferring on Smart Huge the right to convert Shares at HK\$1.80 per Share (subject to adjustment) remains outstanding and such outstanding Convertible Note will expire on 13 June 2010.

UNUSUAL MOVEMENT IN TRADING VOLUME

The board of the Company (the "Board") has noted the increase in trading volume of the Shares today. Save for the completion of very substantial acquisition and connected transaction and the conversion of Convertible Note, the Board is not aware of any reasons for such increase.

The Board also confirms that there are no negotiations or agreements relating to intended acquisitions or realizations which are discloseable under Rule 13.23 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"), neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 13.09 of the Listing Rules, which is or may be of a price-sensitive nature.

Made by the order of the Board, the directors of which individually and jointly accept responsibility for the accuracy of this statement.

By order of the Board
Golden Dragon Group (Holdings) Limited
Wong Yin Sen
Chairman

Hong Kong, 18 June 2007

As at the date of this announcement, the executive directors are Mr. Wong Yin Sen, Mr. Hon Lik, Mr. Wong Hei Lin, Mr. Li Kim Hung, Isaacs; and the independent non-executive directors are Mr. Pang Hong, Mr. Cheung Kwan Hung, Anthony and Mr. Ding Xun.