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# 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)

### DISCLOSEABLE TRANSACTIONS, **DISCLOSURE PURSUANT TO RULE 13.16 OF THE LISTING RULES** AND

# **RESUMPTION OF TRADING**

The Board announces that on 24 December 2005, the Company and the other original parties to the Equity Subscription Agreement, the Deed of Put Option and the Shareholders' Agreement entered into the Amendment Agreement with Prosper Century, an indirect, wholly-owned subsidiary of the Company pursuant to which, among other things, (i) Prosper Century as purchaser would purchase from the Investor the Sale Shares, which were previously allotted and issued to the Investor by New Wellon pursuant to the Equity Subscription Agreement, for a cash consideration of US\$4,600,000; (ii) amendments would be made to certain provisions of the Equity Subscription Agreement, the Deed of Put Option and the Shareholders' Agreement to give effect to the terms of the Amendment Agreement; (iii) Prosper Century as borrower would enter into the Loan Agreement with the Investor as lender for the provision of the Loan Facility, among other things, to enable Prosper Century to purchase the Sale Shares for the year commenced on 8 November 2003 and ended on 7 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2003 and ended on 7 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2003 and ended on 7 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2003 and ended on 7 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2003 and ended on 7 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2003 and ended on 7 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2003 and ended on 7 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2004; (vi) the Investor would waive all the dividend payable on the Sale Shares for the period commenced November 2004 and ended on the Completion Date; and (vii) the granting of the FMO Call Option by Prosper Century to the Investor. The Investor also entered into the Amendment Deed with Absolute Target on 24 December 2005 for amending certain provisions of the Deed of Undertaking. The terms and conditions of the Amendment Agreement were arrived at after arm's length negotiations among the parties to the Amendment Agreement The Board considers that the Acquisition is in the interests of the Group and the Shareholders as a whole and that the terms of the Amendment Agreement and the transactions contemplated thereunder (including the said consideration) are fair and reasonable and in the interests of the Shareholders as a whole. The terms and conditions of the Guarantee were arrived at after arm's length negotiation between the Company and the Investor. The Board considers that the entering into of the Guarantee is in the interests of the Company and the Shareholders as a whole and the terms of the Guarantee are fair and reasonable. The Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. The granting of the FMO Call Option by Prosper Century to the Investor also constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules In addition, as the amount of the Guarantee exceeds 8% of the applicable percentage ratios, the Company is also required to disclose details of the Guarantee pursuant to Rule 13.16 of the Listing Rules. As certain conditions precedents have not been fulfilled or waived for the Second Completion under the Equity Subscription Agreement, especially, with respect to the Insulin Project receipt by New Wellon or New Wellon's subsidiaries of the final approvals and issuance of the required permits from the State Food and Drug Administration of the PRC (中華人民共和國國家食品藥品監督管理局) (or its replacement body) to the reasonable satisfaction of Investor, the Second Completion under the Equity Subscription Agreement has not taken place. Shareholders and potential investors of the Company should note that the Second Completion under the Equity Subscription Agreement, which is subject to a number of conditions, may or may not take place. Prosper Century has not received FMO Call Notice from the Investor on or before the expiry date of the FMO Call Option Period (i.e. 31 December 2005), the FMO Call Option shall lapse in accordance with the terms of the Amendment Agreement and be of no further effect. Upon Completion, the Equity Subscription Agreement, the Deed of Put Option, the Shareholders' Agreement and the Deed of Undertaking will be cancelled with retrospective effect from the expiry date of the FMO Call Option Period (i.e. 31 December 2005) and the parties to the Equity Subscription Agreement, the Deed of Put Option, the Shareholders' Agreement and the Deed of Undertaking shall be released and discharged from their obligations under the Equity Subscription Agreement) with retrospective effect from the expiry subscription Agreement and the Deed of Undertaking but not limited to the Second Completion as contemplated by the Equity Subscription Agreement) with retrospective effect from the expiry subscription Agreement and the Deed of Undertaking but not limited to the Second Completion as contemplated by the Equity Subscription Agreement) with retrospective effect from the expiry subscription Agreement) date of FMO Call Option Period (i.e. 31 December 2005) A circular containing, amongst other things, the details of the Documents will be despatched to the Shareholders as soon as possible. At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on Wednesday, 28 December 2005 pending the publication of this announcement in respect of discloseable transactions of the Company and disclosure pursuant to Rule 13.16 of the Listing Rules, which in turn contains the price sensitive information of the Company. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on Wednesday, 4 January 2006. Reference is made to the announcements dated 24 October 2003 and 5 November 2003 respectively in relation to the issue of non-voting preferred shares by New Wellon to the Investor. Amendment of the Equity Subscription Agreement The Equity Subscription Agreement shall, upon Completion, be deemed to be amended by the Amendment Agreement as follows THE AMENDMENT AGREEMENT DATED 24 DECEMBER 2005 (a) One of the condition precedent for the Second Completion under of the Equity Subscription Agreement shall be amended as follows: Parties Vendor: The Investor. as vendor "prior to the expiry of twenty-four (24) months (plus a period equal to the FMO Call Option Period) from the First To the best of the Directors' knowledge, information and belief having made all reasonable Completion Date: enquiry, the Investor and its ultimate beneficial owner are third particles independent of the Company and connected persons (as defined in the Listing Rules) of the Company All the rights and obligations of Investor (other than its antecedent rights and obligations under this Equity Subscription Agreement accrued up to the date immediately before the Completion Date) under the Equity Subscription Agreement and the memorandum and articles of association of New Wellon shall be suspended, and such rights shall not be exercised or enforced by the Investor, and the Investor shall not be obliged to discharge such Purchaser: Prosper Century as purchaser Other parties to The Company, New Wellon, Chenlong obligations, from the Completion Date onwards until the Investor has been duly re-registered as a shareholder of all the FMO Call Shares pursuant to its exercise of FMO Call Option on or before the expiry date of the FMO Call Option Period. If the Investor fails to exercise the FMO Call Option on or before the expiry date of FMO Call Option the Amendment Agreement: Period, the parties to the Equity Subscription Agreement agree that the Equity Subscription Agreement shall be cancelled and cease to have any legal effect and the parties to the Equity Subscription Agreement shall be released and Assets to be acquired Sale Shares 4,000,000 preferred shares of US\$1.00 each in the share capital of New Wellon discharged from all their obligations under the Equity Subscription Agreement (including but not limited to the Second Completion as contemplated by the Equity Subscription Agreement) with effect from the expiry date of the FMO Call Option Period. Conversely, if the Investor is re-registered as a shareholder of all the FMO Call Shares **Consideration and Terms of Payment** The cash consideration of US\$4,600,000 for the Acquisition was arrived at after arm's length negotiations between Prosper Century and the Investor.

The consideration was determined with reference to the original funding originally made available by the Investor (i.e. uS\$4,000,000) together with the reasonable return on the original funding (i.e. US\$600,000, being equivalent to approximately 7.5% per annum) as mentioned in details below.

The cash consideration of US\$4,600,000 for the Acquisition payable to the Investor upon Completion by the Purchaser will be by way of delivery of draw-down notice to the Investor for the sum of US\$4,600,000 pursuant to the Loan Agreement.

Therefore, the cash consideration will be financed by the Loan Facility made available by the Investor to Prosper Century.

Condition

The Amendment Agreement is conditional upon, among other things, the following conditions:

- all requirements imposed by the Stock Exchange under the Listing Rules or otherwise in connection with the transactions contemplated by the Documents and the transactions contemplated by the Documents having been fully (a) complied with:
- (b) if required, all waivers, consents or approvals of the Stock Exchange and SFC in relation to the transactions contemplated by the Documents, and if required, all relevant waivers, consents or approvals for the purposes of the entry into and the implementation of the Documents by the parties thereto;
- (c) to the extent required by the Listing Rules, the approval of the Amendment Agreement, the transactions referred to herein, the Guarantee and the transactions referred to therein by those Shareholders who are required under the Listing Rules to vote at a extraordinary general meeting of the Shareholders convened by the Company for such purpose
- each of Company's principal solicitors and regular legal counsels having issued formal legal opinions acceptable to (d) the Investor.

The Investor may waive the above conditions (other than paragraphs (a), (b) and (c) as referred to above) at any time by notice in writing to other parties to the Amendment Agreement. As at the date of this announcement, the Investor has no intention to waive the above conditions.

If by 15 January 2006 or such other date as the Investor may agree in writing, all the conditions of the Amendment Agreement shall not have been fulfilled (or waived by the Investor in writing), the Amendment Agreement shall terminate whereby all rights and obligations and liabilities of all shall cease to have any further effect and neither party shall have any obligation to each other under the Amendment Agreement except for any antecedent breaches of the Amendment Agreement

No waivers, consents and approvals have been required from the SFC in relation to the transactions contemplated by the Documents

# Completion

Subject to the conditions set out above being fulfilled or waived, Completion shall take place within 5 days following all or at such later date as the Investor may agree. pursuant to its exercise of FMO Call Option on or before the expiry date of FMO Call Option Period, all the rights and obligations of Investor under the Equity Subscription Agreement and the memorandum and articles of association of New Wellon shall be reactivated, and such rights can be exercised or enforced by the Investor, and the Investor shall be obliged to discharge such obligations, from the date of the Investor having been re-registered as shareholder of all the FMO Call Shares onwards.

#### Amendment of the Deed of Put Option

The Deed of Put Option shall, upon Completion, be deemed to be amended by the Amendment Agreement as follows:

All the rights and obligations of Investor (other than its antecedent rights and obligations accrued up to the date immediately before the Completion Date) under the Deed of Put Option shall be suspended and such rights shall not be exercised or enforced by the Investor, and the Investor shall not be obliged to discharge such obligations, from the Completion Date onwards until the Investor has been duly re-registered as a shareholder of all the FMO Call Shares pursuant to its exercise of FMO Call Option on or before the expiry date of the FMO Call Option Period. If the Investor fails to exercise the FMO Call Option on or before the expiry date of FMO Call Option Period, the parties to the Deed of Put Option agree that the Deed of Put Option shall be terminated and cease to have any legal effect and force with effect from the expiry date of the FMO Call Option Period. Conversely, if the Investor is re-registered as a shareholder of all the FMO Call Shares pursuant to its exercise of FMO Call Option on or before the expiry date of FMO Call Option Period, all the rights, remedies, interests, benefits, entitlements and obligations of Investor under the Deed of Put Option shall be reactivated and such rights can be exercised or enforced by the Investor, and the Investor shall be obliged to discharge such obligations, from the date of the Investor having been re-registered as shareholder of all the FMO Call Shares onwards.

#### Amendment of the Shareholders' Agreement

The Shareholders' Agreement shall, upon Completion, be deemed to be amended by the Amendment Agreement as follows:

All the rights and obligations of Investor (other than its antecedent rights and obligations accrued up to the date All the rights and obligations of Investor (other than its antecedent rights and obligations accrued up to the date immediately before the Completion Date) under the Shareholders' Agreement shall be suspended, and such rights shall not be exercised or enforced by the Investor, and the Investor shall not be obliged to discharge such obligations, from the Completion Date onwards until the Investor is duly re-registered as a shareholder of all the FMO Call Shares pursuant to its exercise of FMO Call Option on or before the expiry date of the FMO Call Option Period. If the Investor fails to exercise the FMO Call Option on or before the expiry date of FMO Call Option Period. If the Investor fails to exercise agree that the Shareholders' Agreement shall be terminated and cease to have any legal effect and force with effect from the expiry date of the FMO Call Option Period. Conversely, if the Investor is re-registered as a shareholder of all the FMO Call Share pursuant to its accruice of FMO Call Option period the option to reduce the FMO Call Option Period. If the Investor of all the FMO Call Shareholders' Agreement shall be terminated and cease to have any legal effect and force with effect from the expiry date of the FMO Call Option Period. Conversely, if the Investor is re-registered as a shareholder of all the FMO Call Shareholders' Agreement before the expire of FMO Call Option Period. If the Investor is re-registered as a shareholder of all the FMO Call Shareholders' Agreement before the expire of the option Period. Conversely, if the Investor is re-registered as a shareholder of all the FMO Call Shareholders' Agreement before the expire of the option Period. Conversely is the option Period All the FMO Call Option Period. If the Investor is re-registered as a shareholder of all the FMO Call Shareholders' Agreement Shareholder option Period. The option Period Period Period all the FMO Call Option Period All the FMO Call Option Period All the FMO Call Option Period Period Period Period Period Period Period Perio Call Shares pursuant to its exercise of FMO Call Option on or before the expiry date of FMO Call Option Period, all the rights and obligations of Investor under the Shareholders' Agreement shall be reactivated, and such rights can be exercised or enforced by the Investor, and the Investor shall be obliged to discharge such obligations, from the date of the Investor having been re-registered as shareholder of all the FMO Call Shares onwards.

#### Guarantee

Prosper Century entered into the Loan Agreement on 24 December 2005 with the Investor for the provision of the Loan Facility by the Investor to enable Prosper Century to purchase the Sale Shares. The Loan carries an interest rate of 2.5% over LIBOR per annum, which would be repayable by three equal instalments on 31 December 2005, 31 December 2006 and 31 December 2007, respectively. The purpose of the Loan is to complete the transfer of the Sale Shares and pay and satisfy the consideration for the transfer of the Sale Shares, being in the sum of US\$4,600,000. The Company entered into the Guarantee on 24 December 2005 with the Investor for the provision of a guarantee in favour of the Investor to secure the payment and performance of all principal sums, interests, actions, damages and other remedies arising out of a failure of payment or performance of the Loan provided by the Investor to Prosper Century to enable Prosper Century to purchase the Sale Shares pursuant to the Loan Agreement.

#### Reasons for entering into the Guarantee

The Directors believe that it is an industry practice and also normal and commercial interests for a holding company to provide corporate guarantee to financial institutions to facilitate the granting of loan facilities to an associate of that holding company.

Given that Prosper Century is a wholly-owned subsidiary of the Company, the Guarantee entered into by the Company is in the commercial interest of the Company. Moreover, the Investor requested the Company to provide the Guarantee. The Directors consider that the terms of the Guarantee are on normal commercial terms and are fair and reasonable and the entering into of the Guarantee is in the interests of the Company and the Shareholders as a whole.

# Dividends payable by New Wellon

New Wellon would pay to the Investor the sum of US\$200,000, being dividend payable on the Sale Shares for the year commenced on 8 November 2003 and ended on 7 November 2004 within three business days from the date of the execution of the Amendment Agreement. The Investor would waive all the dividend payable on the Sale Shares for the period commenced on 8 November 2004 and ended on the Completion Date.

# FMO Call Option

Prosper Century hereby grants to the Investor the FMO call option exercisable by the Investor during the FMO Call Option Period, to allow the Investor to purchase all of the FMO Call Shares at the FMO Call Price by issuing a written call notice ("FMO Call Notice") to Prosper Century free from all liens, charges and encumbrances at the discretion of the Investor. The Investor and the Purchaser shall simultaneously complete the transfer fo the FMO Call Shares within fourteen (14) days of the FMO Call Notice.

Completion of the sale and purchase of the FMO Call Shares pursuant to the exercise of the FMO Call Option is subject to compliance by the Company with all relevant rules of the Listing Rules relating to such exercise. The Company will comply with Chapter 14 of the Listing Rules if the FMO Call Option is exercised.

Prosper Century has not received FMO Call Notice from the Investor on or before the expiry date of the FMO Call Option Period (i.e. 31 December 2005), the FMO Call Option shall lapse in accordance with the terms of the Amendment Agreement and be of no further effect.

Upon Completion, the Equity Subscription Agreement, the Deed of Put Option, the Shareholders' Agreement and the Deed of Undertaking will be cancelled with retrospective effect from the expiry date of the FMO Call Option Period (i.e. 31 December 2005) and the parties to the Equity Subscription Agreement, the Deed of Put Option, the Shareholders' Agreement and the Deed of Undertaking shall be released and discharged from their obligations under the Equity Subscription Agreement and the Deed of Undertaking (including but not limited to the Second Completion as contemplated by Equity Subscription Agreement) with retrospective effect from the expiry date of FMO Call Option Period (i.e. 31 December 2005).

#### INFORMATION ON THE INVESTOR

The Investor is a financial institution which provides, among other things, financial supports to businesses and financial institutions in developing countries with capital and know-how. The Investor was founded by the Dutch government and business community in 1970. The Dutch State holds 51% of its shares while the large Dutch banks retain 42%. The remaining 7% is held by employers' association and trade unions and some 100 Dutch companies and individual investors.

#### INFORMATION ON NEW WELLON

The Group is principally engaged in processing and sale of health care products, ginseng and related products, pharmaceutical products and electronic cigarette components. New Wellon is an indirect wholly-owned subsidiary of the Company.

New Wellon is a major subsidiary of the Company which represents 95% or more of the consolidated net tangible assets or pre-tax trading profits of the Group. The principal business of the New Wellon Group includes processing and sales of health care products, ginseng and related products, pharmaceutical products and electronic cigarette components.

#### REASONS FOR THE ACQUISITION AND THE ENTERING INTO OF THE AMENDMENT AGREEMENT

With respect to the Insulin Project, New Wellon and its subsidiaries have not received the final approvals and issuance of the required permits from the State Food and Drug Administration of the PRC (中華人民共和國國家食品藥品監督管理局) (or its replacement body) after the expiry of 24 months from the date on which the First Completion (i. e. 5 November 2003).

It was previously announced that pursuant to the Deed of Put Option, the Company has granted the Purchaser the Put Option exercisable by the Investor during the Put Option Period to require the Company to purchase all but not part of the Preferred Shares from the Investor to the reasonable satisfaction of the Investor.

It was also provided in the Deed of Put Option that the Company shall at its discretion to pay the Investor for the purchase the Preferred Shares using one of three methods therein and under the BuyOut Method the Company shall pay for the purchase of the Preferred Shares in accordance with the formula:

[Funding Amount + (Funding Amount x IRR x number of year(s))] - dividend actually received by Investor

# IRR is equal to 15% per annum

The Company would be required to pay approximately US\$5,300,000 to the Investor in the event that the BuyOut Method was used for the purchase of the Sale Shares.

After the negotiation with the Investor as to the amount payable for the purchase of the Sale Shares, Prosper Century is only required to pay US\$4,600,000 to the Investor as consideration for the purchase of Sales Shares under the Amendment Agreement and having taken into the account of US\$200,000 payable as dividend on Sale Shares, there would be a net saving of US\$500,000 for the Group when compared with the amount payable for the purchase of the Sale Shares under the BuvOut Method.

Secondly, the Investor also agreed to waive the payment of dividend for the period commenced on 8 November 2004 and ended on the Completion Date from New Wellon as mentioned above.

Thirdly, the Investor has agreed to advance a long term loan to enable Prosper Century to purchase the Sale Shares and it may take time for the Company to raise funds from other financial institutions on the terms similar to those of such loan to finance the purchase of the Sale Shares.

Fourthly, the Investor may purchase back the FMO Call Shares at the consideration of US\$4,600,000 if the Investor exercises the FMO Call Option as mentioned below.

Fifthly, certain provisions of the Equity Subscription Agreement, the Deed of Put Option and the Shareholders' Agreement need to be amended to reflect the rights and obligations of the Investor therein in relation to the change in its status from an investor to a lender and also the Equity Subscription Agreement, the Deed of Put Option and the Shareholders' Agreement need to be terminated if the Investor does not exercise the FMO Call Option upon the expiry date of the FMO Call Option Period.

Sixthly, the Investor requested the Company during the negotiation to grant the FMO Call Option to them exercisable by them during the FMO Call Option Period to purchase the FMO Call Shares from Prosper Century.

The terms of the Amendment Agreement have been arrived at after arm's length negotiations among the parties thereto and are based on normal commercial terms. The Board considers that the Acquisition is in the interests of the Group and the Shareholders as a whole and that the terms of the Amendment Agreement (including the consideration) are fair and reasonable and in the interest of the Shareholders as a whole.

# AMENDMENT DEED DATED 24 DECEMBER 2005

The Investor entered into the Amendment Deed with Absolute Target for amending certain provisions of the Deed of Undertaking.

# Amendment to the Deed of Undertaking

The Deed of Undertaking shall, upon Completion, be deemed to be amended by the Amendment Deed as follows:

All the rights of Investor (other than its antecedent rights accrued up to the date immediately before the Completion Date) under the Deed of Undertaking shall be suspended, and such rights shall not be exercised or enforced by the Investor from the Completion Date onwards until the Investor is duly re-registered as a shareholder of all the FMO Call Shares pursuant to its exercise of FMO Call Option on or before the expiry date of the FMO Call Option Period. If the Investor fails to exercise the FMO Call Option on or before the expiry date of FMO Call Option Period, the parties to the Deed of Undertaking shall be terminated and cease to have any legal effect and force with effect from the expiry date of the FMO Call Option Period. Conversely, if the Investor is re-registered as a shareholder of all the FMO Call Option Period, all the rights of Investor under this Deed shall be reactivated, and such rights can be exercised or enforced by the Investor from the date of the Investor having been re-registered as a shareholder of all the FMO Call Option Period, all the rights of Investor under this Deed shall be reactivated, and such rights can be exercised or enforced by the Investor from the date of the Investor having been re-registered as shareholder of all the FMO Call Shares onwards.

DISCLOSEABLE TRANSACTIONS AND DISCLOSURE PURSUANT TO RULE 13.16 OF THE LISTING RULES

The Acquisition constitutes a discloseable transaction for the Company under the Listing Rules.

The granting of the FMO Call Option to the Investor by Prosper Century constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. In addition, as the amount of the Guarantee exceeds 8% of the applicable percentage ratios, the Company is also required

to disclose details of the Guarantee pursuant to Rule 13.16 of the Listing Rules.

The Company will fulfill the continuing disclosure obligation under Rule 13.22 of the Listing Rules as long as circumstances giving rise to such obligation continue to exist.

As at the date of this announcement, save as disclosed above, there is no other financial assistance and/or corporate guarantee provided by the Company to any of its affiliated company that would exceed 8% of the applicable percentage ratios and thus would be required to be disclosed pursuant to Rule 13.16 of the Listing Rules.

# THE SECOND COMPLETION UNDER THE EQUITY SUBSCRIPTION AGREEMENT

It is provided in the Equity Subscription Agreement the Second Completion shall take place within five business days after all the conditions precedent have been fulfilled.

Shareholders and potential investors of the Company should note that the Second Completion under the Equity Subscription Agreement, which is subject to a number of conditions precedent, may or may not take place. GENERAL

A circular containing, amongst other things, the details of the Documents will be despatched to the Shareholders as soon as possible.

#### SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on Wednesday, 28 December 2005 pending the publication of this announcement in respect of discloseable transactions of the Company and disclosure pursuant to Rule 13.16 of the Listing Rules, which in turn contains the price sensitive information of the Company. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on Wednesday, 4 January 2006.

#### DEFINITIONS

Unless the context requires otherwise, terms defined in the announcement of the Company dated 24 October 2003 shall have the same meanings when used in this announcement:

<ul> <li>"Absolute Target" means Absolute Target Limited, a company incorporated in BVL, and a substantial shareholder of the Company holding 6A4% interest in the issued share capital of the Company (which is beneficially owned as to 46.25%, 42.50% and 11.25% by Messers. Wong Yin Sen, Hon Lik and Wong Hei Lin, respectively.</li> <li>"Anendment Agreement" means the proposed acquisition of the Sale Shares by Prosper Century from the Investor promoted and the Sale Shares by Prosper Century from the Investor and Prosper Century in relation to among other Quotion and the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Deed of Put Option, the Sale Shares the Agreement, the Company incorporated in Cayma Put Balands, the Sales Shares the Agreement, the Company incorporated in Cayma Put Balands, the Sales Shares the Company incorporated in Cayma Put Balands, the Sales Shares the Agreement, the Loan Agreement, the Company incorporated the Amendment Agreement, the Loan Agreement, the Company incorporated the Amendment Agreement, Belands Put Balands, Sales Shares the Company agreement</li></ul>	have the same meanings whe	th used in this almouncement.
"meandment Agreement"         means the conditional amendment agreement dated 24 December 2005 and made among the Company, the other original parties to the Equity Subscription Agreement, the Deed of Put Option, the Stareholders' Agreement and Prosper Centruly in relation to, some other things, the Acquisition, the amendment of certain provisions the Equity Subscription Agreement, the Deed of Put Option, the Stareholders' Agreement, the entering into of the Eduard Nature 1 and the Guarantee, the payment and waver of dividend on the New Shares and the graning of the FMO Call Option.           "Amendment Deed"         means the amendment deed dated 24 December 2005 and made between the Investor and Absolute Target for amending the Deed of Undertaking.           "Baseriat"         has the meaning agerified thereto under the Listing Rules.           "Board"         means the board OFIcertors.           "Wirt"         means the British Virgin Islands.           "Completion"         means the date on which har listed on the main board of the Rey Kong target properties".           "Completion"         means the date on which har listed on the main board of the Stock Exchange.           "Directors"         means the date on which har listed on the Investor of purchase all of the PMO Call Option These to solve a place.           "Directors"         means the date on which completion talkes place.           "Directors"         means the date on which completion maters the Stock Exchange.           "Directors"         means the date on which leaves of the Amendment Agreement.           "Completion Due"         me	"Absolute Target"	shareholder of the Company holding 66.44% interest in the issued share capital of the Company (which is beneficially owned as to 46.25%, 42.50% and 11.25% by Messrs. Wong
Company, the other original parties to the Equity Subscription Agreement, the Deed of Put Option, the Shareholder's Agreement, the Ende of Put Option, the Shareholder's Agreement, the Ender of Put Option, the Shareholder's Agreement, the Ender of Put Option, the Shareholder's Agreement, the Deed of Put Option, the Shareholder's Agreement, the Deed of Undertaking.           "Amendment Deed"         means the amendment deed datel 24 December 2005 and made between the Investor and Associate"           "Basociate"         means the based of Duc Option, the Shareholder's Agreement, the Option Magneement and the Shareholder's Agreement is the Shareholder's Agreement.           "Completion"         means the dater on which completion takes place.           "Directors"         means the dater on which completion takes place.           "Directors"         means the dater on which completion takes place.           "Directors"         means the Amendment Agreement, the Loan Agreement, the Guarantee and the Amendment Agreement.           "Completion Date"         means the Agreement, the Completion under the Amendment Agreement.           "Completion Prince"         means the Agreement, the Hoan Agreement, the Completion.	"Acquisition"	
Absolute Target for amending the Deed of Undertaking.       "associate"     has the meaning ascribed thereto under the Listing Rules.       "basiness day"     means a day (other than a Saturday or a day on which a tropical cyclone warning signal on boats di Intong Kong at any time between 9/00 a.m. and 4/00 p.m.) on which banks in Hong Kong are generally open for business.       "BVI"     means the Brinis Virgin Islands.       "Company"     means Golden Dragon Group (Holdings) Limited, a company incorporated in Czyman Islands, the shares of which are listed on the main board of the Stock Exchange.       "Completion Date"     means the dractors of the Company from time to time.       "Directors"     means the dractors of the Company from time to time.       "Documents"     means the dractors of the Company from time to time.       "FMO Call Option"     means the dractors of the Company from time to time.       "FMO Call Option"     means the GI Option granted by Prosper Century to the Investor, excretisable by the Investor drag the Stock of a Diretors       "FMO Call Option"     means the Stock OD of all the FMO Call Stares.       "FMO Call Option Period"     means the Stock OD of all the Stock Call Stares.       "FMO Call Price"     means the deed or Optication of the Company time between the Company and the Investor dractas and Stock OD of all the FMO Call Stares.       "FMO Call Price"     means the Stock OD of all the FMO Call Stares.       "FMO Call Price"     means the Stock OD of all the FMO Call Stares.       "FMO Call Price"     m	"Amendment Agreement"	Company, the other original parties to the Equity Subscription Agreement, the Deed of Put Option and the Shareholders' Agreement and Prosper Century in relation to, among other things, the Acquisition, the amendment of certain provisions the Equity Subscription Agreement, the Deed of Put Option, the Shareholders' Agreement, the entering into of the Loan Agreement and the Guarantee, the payment and waiver of dividend on the New Shares
"Board"       means the board of Directors.         "business day"       means a day (other than a Saturday or a day on which a tropical cyclone warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.) on which banks in Hong Kong are generally open for business.         "BVI"       means the British Virgin Islands.         "Completion"       means Golden Dragon Group (Holdings) Limited, a company incorporated in Cayman Islands, the shares of which are listed on the main board of the Stock Exchange.         "Completion"       means the date on which Completion takes place.         "Directors"       means the date on which Completion takes place.         "Directors"       means the dractors of the Company from time to time.         "Bocuments"       means the dractors of the Company from time to time.         "FMO Call Option Period"       means the dractor by prosper Century to the Investor curvisor by the FMO Call Stores         "FMO Call Option Period"       means the FMO Call Price by issuing a written to notice to Prosper Century.         "FMO Call Price"       means the S4d0 0000 for all the FMO Call Stores.         "FMO Call Price"       means the Garony and its subsidiaries.         "FMO Roge"       means the Garony and its subsidiaries.         "FMO Roge"       means the Garony and its subsidiaries.         "FMO Call Price"       means the day ong Special Administrative Region of the People's Republic of China.         "Investor" <td>"Amendment Deed"</td> <td></td>	"Amendment Deed"	
"business day"         means a day (other than a Saturday or a day on which a tropical cyclone warning signal in botication in Hong Kong at any time between 900 a.m. and 400 p.m.) on which banks in Hong Kong are generally open for business.           "BVI"         means the Drivish Virgin Islands.           "Compairy"         means collection Dragon Group (Holdings) Limited, a company incorporated in Cayman Islands, the shares of which are listed on the main board of the Stock Exchange.           "Completion"         means the date on which Completion takes place.           "Directors"         means the date on which Completion takes place.           "Directors"         means the date on which Completion takes place.           "Documents"         means the date on dynopy from time to time.           "Documents"         means the date on dynopy from time to time.           "Documents"         means the Call Option Period.           "FMO Call Option"         means a a period commencing immediately upon Completion under the Amendment Agreement writing.           "FMO Call Price"         means the Sake sheld by the Purchaser after the Completion.           "Gaurantee"         means the Gaugement in writing.           "FMO Call Price"         means the Gaugement in writing.           "Group"         means the Sake Sheld by the Purchaser after the Completion.           "Gaurantee"         means the Sake Shares sheld by the Purchaser after the Completion.           "Group"	"associate"	has the meaning ascribed thereto under the Listing Rules.
<ul> <li>or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any inne between 90.00 a.m. and 4-00 p.m.) on which banks in Hong Kong are generally open for business.</li> <li>"BVI" means the British Virgin Islands.</li> <li>"Completion" means of Wich are listed on the main board of the Stock Exchange.</li> <li>"Completion" means the date on which Completion takes place.</li> <li>"Directors" means the date on which Completion takes place.</li> <li>"Directors" means the directors of the Company from time to time.</li> <li>"Documents" means the directors of the Company from time to tome.</li> <li>"Documents" means the directors of the Company from time to more to the restrone correctable by the Investor Deced.</li> <li>"FMO Call Option Period" means a period commencing immediately upon Completion under the Amendment Agreement and ending on 31 December 2005 (or other date as may be agreed by the parties to the Amendment Agreement and ending on 31 December 2005 (or other date as may be agreed by the parties to the Amendment Agreement and ending on 31 December 2005 (or other date as may be agreed by the parties to the Amendment Agreement and ending on 31 December 2005 (or other date as may be agreed by the parties to the Amendment Agreement and ending on 31 December 2005 (or other date as may be agreed by the parties to the Amendment Agreement and ending on 31 December 2005 (or other date as may be agreed by the parties to the Amendment Agreement and ending on 31 December 2005 (or other date as may be agreed by the parties to the Amendment Agreement and ending on 31 December 2005 (or other date as may be agreed by the parties to the Amendment Agreement and ending on 31 December 2005 (or other date as may be agreed by the parties to the Amendment Agreement and ending on 31 December 2005 (or other date as may be agreed by the parties to the Amendment Agreement and ending on 31 December 2005 (or other date as may be agreed by the parties to the Amendment Agreement</li></ul>	"Board"	means the board of Directors.
"Company"       means Golden Dragon Group (Holdings) Limited, a company incorporated in Cayman Islands, the shares of which are listed on the main board of the Stock Exchange.         "Completion"       means completion of the Acquisition pursuant to the terms of the Amendment Agreement.         "Completion Date"       means the date on which Completion takes place.         "Drectors"       means the date on which Completion takes place.         "Documents"       means the date on which Completion takes place.         "FMO Call Option"       means the all option granted by Prosper Century to the Investor, exercisable by the Investor during the FMO Call Option Period, to allow the Investor to purchase all of the FMO Call Shares at the FMO Call Option Period.         "FMO Call Option Period"       means the Sale Shares held by the Purchaser after the Completion under the Amendment Agreement writing).         "FMO Call Price"       means the Sale Shares held by the Purchaser after the Completion.         "Cuarantee"       means the Sale Shares held by the Purchaser after the Completion.         "Group"       means the Gang dollars, the lawful currency of Hong Kong for the time being.         "HKS"       means Nederlandse Financientizes.         "How Stor"       means Nederlandse Financientizes.         "How Stor"       means the Mong Kong Special Administrative Region of the relevant interest preiod of the Loan Stores and the Store Key Control Kellingslanden N.V.         "Rever Wellon"       means the due subsidiaris of the Coma	"business day"	or above or a "black" rainstorm warning signal is hoisted in Hong Kong at any time between
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"Completion Date"       means the date on which Completion takes place.         "Directors"       means the directors of the Company from time to time.         "Documents"       means the Amendment Agreement, the Loan Agreement, the Guarantee and the Amendment Deed.         "FMO Call Option"       means the call option period, to allow the Investor to purchase all of the FMO Call Shares at the FMO Call Option Period.         "RMO Call Option Period."       means a period commencing immediately upon Completion under the Amendment Agreement and ending on 31 December 2005 (or other date as may be agreed by the parties to the Amendment Agreement in writing).         "FMO Call Price"       means the Sale Shares held by the Purchaser after the Completion.         "Gougn"       means the Gong dollars, the lawful currency of Hong Kong for the time being.         "MKS"       means the Gong god collars, the lawful currency of Hong Kong for the time being.         "Investor"       means New Rederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.         "New Wellon"       means the director protein date as a value of the relevant interest period of the Lowing the arithmetic mean of the rates (rounded upwards to the nearest three decimal points) as supplied to the Investor at its request quoted by the reference banks, so the densities in the Solo 0.000 provision of the Lowing the reference banks, so the densities of the completion of the close to the relevant interest period of the Lowing the arithmetic mean of the rates (rounded upwards to the nearest three decimal points) as supplied to the Investor at its request quoted by the reference banks, so theading the	"Company"	
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and the Investor.       and the Investor.         "Group"       means the Company and its subsidiaries.         "HKS"       means the Company and its subsidiaries.         "HKS"       means the Company and its subsidiaries.         "Hong Kong"       means the Hong Kong Special Administrative Region of the People's Republic of China.         "Investor"       means Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V.         "New Wellon"       means New Wellon Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company.         "LIBOR"       means (a) the applicable Screen Rate; or (b) (if no Screen Rate is available for the relevant interest period of the Loan) the arithmetic mean of the rates (rounded upwards to the nearest three decimal points) as supplied to the Investor at its request quoted by the reference banks, to leading banks in the London interbank market, as at 11:00 a.m. on the relevant quotation day for the offering of deposits in USS for a period compared to the relevant interest period of the Loan.         "Listing Rules"       means the Rules Governing the Listing of Securities on the Stock Exchange.         "Loan"       means a loan made or to be made under the Loan Facility.         "Loan Facility"       means a loan facility of US\$4,600,000 provided by the Investor to Prosper Century.         "PRC"       means a Hoop Seciest China.         "Prosper Century"       means a fliot to LIBOR, the British Bankers Association Interest Settement Rate for US\$ for the relevant period,	"FMO Call Shares"	means the Sale Shares held by the Purchaser after the Completion.
"HKS"means Hong Kong dollars, the lawful currency of Hong Kong for the time being."Hong Kong"means the Hong Kong Special Administrative Region of the People's Republic of China."Investor"means Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V."New Wellon"means New Wellon Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company."LIBOR"means (a) the applicable Screen Rate; or (b) (if no Screen Rate is available for the relevant interest period of the Loan) the arithmetic mean of the rates (rounded upwards to the nearest three decimal points) as supplied to the Investor at its request quoted by the reference banks, to leading banks in the London interbank market, as at 11:00 a.m. on the relevant quotation day for the offering of deposits in USS for a period compared to the relevant interest period for the Loan."Listing Rules"means a term facility agreement dated 24 December 2005 made between Prosper Century and the Investor relating to provision of the Loan Facility by the Investor to Prosper Century."Loan Agreement"means a loan facility of US\$4,600,000 provided by the Investor to Prosper Century."Data Facility"means a loan facility of US\$4,600,000 provided by the Investor to Prosper Century."Sale Shares"means in relation to LIBOR, the British Bankers Association Interest Settlement Rate for US\$ for the relevant period, displayed on the appropriate rate after consultation with Prosper Century."Storeen Rate"means in relation to LIBOR, the British Bankers Association Interest Settlement Rate for US\$ for the relevant period, displayed on the appropriate rate after consultation with Prosper Century."Storeen Rate"means in	"Guarantee"	
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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; the non-executive Director is Ms. Cheng Kong Yin; and the independent non-executive Directors are Mr. Pang Hong, Mr. Song Xiao Hai and Mr. Cheung Kwan Hung, Anthony.