



# Golden Dragon Group (Holdings) Limited

## 金龍集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liabilities)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER, 2002

#### AUDITED CONSOLIDATED RESULTS

On behalf of the board of directors of Golden Dragon Group (Holdings) Limited (the “Company”) (the “Board”), I am pleased to present the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December, 2002 together with the comparative figures for the previous year as follows:

	Notes	2002 HK\$'000	2001 HK\$'000
Turnover		165,636	209,413
Cost of goods sold		(62,445)	(85,282)
Gross profit		103,191	124,131
Other operating income		465	898
Distribution costs		(53,103)	(71,129)
Administrative expenses		(24,362)	(24,649)
Profit from operations		26,191	29,251
Finance charges		(5,173)	(2,770)
Profit before taxation		21,018	26,481
Taxation		(4,238)	(3,649)
Profit before minority interests		16,780	22,832
Minority interests		(3,664)	(4,144)
Net profit for the year		13,116	18,688
Dividends	1		
Interim, paid to the then shareholders prior to the Group Reorganisation		–	21,500
Proposed final dividend of nil (2001: HK1.5 cents) per share		–	8,760
Basic earnings per share	2	HK2.25 cents	HK3.41 cents

#### Notes:

##### 1. DIVIDENDS

For the year ended 31 December, 2001, an interim dividend of HK\$21,500,000 was declared by a subsidiary of the Group to the then shareholders prior to the group reorganisation as set out in the prospectus issued by the Company dated 26 April, 2001 (the “Group Reorganisation”). The rate of dividend was not presented as the directors of the Company did not consider such information to be meaningful in the context of the financial statements.

No dividend was paid or proposed during 2002, nor has any dividend been proposed since the balance sheet date (2001: final dividend proposed of HK1.5 cents per share).

##### 2. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share is based on the net profit for the year of approximately HK\$13,116,000 and on 584,000,000 shares in issue during the year.

For the year ended 31 December, 2001, the calculation of basic earnings per share was based on the net profit of approximately HK\$18,688,000 and on the weighted average of 547,891,507 shares that would have been in issue during the year as if the Group Reorganisation had been completed on 1 January, 2001.

No diluted earnings per share is presented as the Company did not have any dilutive potential ordinary shares in issue.

##### 3. BUSINESS SEGMENTS

For management purposes, the Group is currently organised into two operating business – production and sales of trading of health care products and pharmaceutical product. These businesses are the basis on which the Group reports its primary segment information.

Segment information about these businesses is presented below.

	Health care products		Pharmaceutical product		Total	
	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000	2002 HK\$'000	2001 HK\$'000
Segment turnover	156,185	209,413	9,451	–	165,636	209,413
Segment result	36,590	42,845	5,491	–	42,081	42,845
Other operating income					465	898
Unallocated corporate expenses					(16,355)	(14,492)
Profit from operations					26,191	29,251
Finance charges					(5,173)	(2,770)
Profit before taxation					21,018	26,481
Taxation					(4,238)	(3,649)
Profit before minority interests					16,780	22,832
Minority interests					(3,664)	(4,144)
Net profit for the year					13,116	18,688

#### MANAGEMENT REPORT, DISCUSSION AND ANALYSIS

##### Business Performance Conditions

##### Results for the year 2002

In the year ended 31 December, 2002, the audited consolidated profit of the Group amounted to HK\$13,116,000, representing a decrease of 29.8% over last year due to unfavourable market conditions, and large expenditure on advertising and promotions in the newly developed markets.

Turnover less goods returned under special circumstance for the year 2002 was HK\$165,636,000, representing a decrease of 20.9% over HK\$209,413,000 in the year 2001.

Earning per share for the year 2002 amounted to HK\$0.0225, representing a decrease of 34.0% over HK\$0.0341 in the year 2001.

##### Business Review

Sales turnover of health care products in China in 2001 declined by 43% compared with 2000. This trend continued in 2002. According to information disclosed in a website known as Zhong Guo Bao Jian Shi Pin Wang「中國保健食品網」, sales turnover of health care products in 2002 declined by about 30% over the same period of previous year. Turnover of health care products in China for 2002 was RMB20 billion, representing a decline of about 60% when compared with the peak season in 2000. In face of this unfavourable market condition, the Group modified its operation strategy by curtailing a large part of its advertising expenses and adopting flexible marketing of offering free gifts to customers. As a result, sales turnover of health care products only declined by 23.5% when compared with that in the corresponding period of the previous year, and HK\$18 million was saved in terms of marketing expenses compared with the previous year. Therefore, although sales turnover decreased, profit from operation did not decline significantly. While continuing to strengthen the markets we had developed last year in Beijing, Chengdu, Chongqing and Wuhan, the Group also developed two new markets this year in Fujian and Shenzhen so as to compensate for contraction of the existing markets. Sales income of HK\$5.5 million had been generated in these new markets. Moreover, after the introduction of its new pharmaceutical product “Mei Nuo Ping”「美樂平」to the market in the second half of 2002, the Group had earned an extra income of HK\$9.4 million from the sale of this product.

##### Product Development

Technology transfer fees of HK\$1.8 million and HK\$0.6 million had been paid for acquisition of the new products, namely Piglyketone and Azithromycin Granules respectively. The obtaining of production approval of the new products was delayed due to clinical testings and the formality of reporting. It is anticipated that production approval can be obtained in the period of July - August of 2003.

In order to gain further development in the production of pharmaceutical products, the Group signed a technology transfer contract with Shen Yang Zhonghai Sheng Wu Ji Shu Kai Fu You Xian Gong Si（瀋陽中海生物技術開發有限公司）in early 2002 in respect of the new State Category 2 virus-resistant medicine Yan Shuan a Bi Duo er「鹽酸阿比朵爾」. The total amount of the technology transfer fee was HK\$3.8 million. A payment of HK\$0.5 million has already been made.

Production approval of the new product “Mei Nuo Ping”「美樂平」was granted in the second half of 2002. This new product is good for pimples treatment and can either be taken orally or used externally. An income of HK\$9.4 million from the sale of this product was realized that year. There are very good prospects for its development.

Production approval of the new product “Xiang Fei Jiao Nang pill” was granted on 20 March 2002. This new product is developed by the Company itself and is treated as a reserved product which has not yet been put into production. “Nuclein” is still under review.

As revealed by market survey, the market of health care products will continue to slacken while sale of traditional tonic medicine will be stable with slight increase. A member of the Group for pharmaceutical products has invested HK\$2.8 million in the acquisition of the production technology of “Korean Ginseng” together with the production approval. The Group has already acquired the raw “Korean Ginseng” with a value of HK\$14.1 million, which will bring steady income upon commercialisation in May, 2003.

After improvement of the production technology of the Longevity Ginseng of the Group, its registration ref. Liao Wei Jian Zi (1996) No. 0136, has been changed to Guo Yao Zhan Zi No. B20021010 as approved by the State Pharmaceutical Supervision and Administration Bureau of PRC in December, 2002.

Moreover, the Company is now developing its own health care products such as Zhuang Gu Fan「壯骨粉」, Bing Tong Yan Wo Kou Fu Yue「冰糖燕窩口服液」and Wu Ji Jing「烏雞精」. These new products are now under application for approval.

##### Regional Development

While maintaining sales turnover in the original markets, the Group also developed two new markets in Fujian and Shenzhen in the second half of 2002, and these new markets had brought a turnover of HK\$5.5 million to the Group. Our new product “Mei Nuo Ping”「美樂平」, though its sales coverage at present is restricted to the north-eastern part of China, had been able to bring a turnover of HK\$9.4 million to the Company.

#### PROSPECTS FOR THE YEAR 2003

Facing with the current market situation, the Group is also confronting with challenging months ahead so as to gain a turnaround for recovery. The Group will continue to focus on consolidation of its existing products and markets. At the same time, The Group believes that with the growing potential of the pharmaceutical market, we are enhancing the strength of its future development with injection of significant resources.

The management of the Group strongly believes that by leveraging our technological know-how and the existing marketing networks in the People's Republic of China (the “PRC”), pharmaceutical market will bring fruitful returns and profits to our investors in near future.

#### LIQUIDITY AND FINANCIAL ANALYSIS

As at 31 December, 2002, applications of the net proceeds from the listing were as follows:

Plant renovation and replacement of equipment to meet the high standard of GMP: totally HK\$5.5 million was spent for the completion of the entire project, exceeding the planned expenditure of HK\$2.5 million by HK\$3.0 million.

An amount of HK\$1.7 million was paid as technology transfer fee for acquisition of new medicine “Piglyketone”「匹格列酮」. A further HK\$0.4 million shall be paid under the contract. This is in line with HK\$2.1 million as contemplated in the prospectus of the Company.

An amount of HK\$0.6 million was paid as technology transfer fee for acquisition of “Azithromycin Granules”「阿奇霉素微囊細粒劑」. A further HK\$0.1 million shall be paid under the contract. This is largely in line with HK\$0.7 million as contemplated in the prospectus of the Company.

An amount of HK\$0.5 million was paid on projects of expanding production facilities and production volumes.

An amount of HK\$23 million, exceeding the original plan by HK\$5 million, was spent for new market expansions and market promotions for existing products of the Group. The objective is to develop new markets more effectively.

As at 31 December, 2002, bank loans of the Group at fixed rate in the PRC amounted to HK\$84.2 million, representing an increase of HK\$37.0 million as compared to the outstanding loans at 31 December 2001, all of which were short-term loans due within one year. Since movements of Renminbi against other currencies, in particular the Hong Kong dollar were more stable, the Directors do not anticipate to face any major currency exposures, therefore the Group has not arranged any currency hedge. The Group has also secured short-term floating rate loan of HK\$17.8 million for working capital. An amount of HK\$5.2 million was paid as aggregate interest of bank loans. The Group did not use property as securities for such bank facilities, nor was there the use of any financial instruments for hedging purposes.

Gearing ratio of the Group rose from approximately 24.0% at 31 December, 2001 to approximately 50.8% at 31 December, 2002. This calculation is based on net borrowings of HK\$101,960,000 (2001: HK\$47,170,000) and shareholders fund of HK\$200,661,000 (2001: HK\$196,305,000).

As at 31 December 2002, the balance of the inventories amounted to HK\$117.8 million, representing an increase of HK\$81.7 million when compared with the corresponding period of the previous year, of which:

- an amount of HK\$57.3 million was attributed to raw material, representing an increase of HK\$45.6 million when compared with the corresponding period of the previous year, as the commencement of production of Shenyang Jinlong Pharmaceutical Co. Ltd.（瀋陽金龍藥業公司）required a raw material reserve for the new product “Korean Ginseng” amounting to HK\$14.1 million. The major raw material for Longevity Ginseng is an agricultural by-product the growing period of which is 4-5 years. Its production volume and price are entirely controlled by market forces. As a result of the supply and demand, its price in 2002 had declined to its lowest level within the past five years. It is anticipated that the production volume of ginseng next year will become less and its price accordingly might rise sharply. In order to reduce the purchasing cost, we have reserved a large quantity of raw ginseng this year, causing our inventory to rise to approximately HK\$31.5 million when compared with the corresponding period of the previous year; and
- an amount of HK\$48.6 million was attributed to the finished product, representing an increase of HK\$30.4 million when compared with the corresponding period of the previous year, as past experience in the development of new markets showed that sales turnover will usually rise significantly in the second year of its development. The Company had thus produced a large quantity of the products for the new market. As the growth of sales in the new market had not been as good as expected, the inventory of the finished product thus rose.

#### CHARGE OF ASSETS

As at 31 December, 2002, the Group's bank deposits of approximately HK\$27,423,000 (2001: HK\$11,981,000) were pledged to banks to secure general banking facilities granted to its subsidiaries.

#### CONTINGENT LIABILITIES

As at 31 December, 2002, the Group did not provide any form of guarantees for any other company and was not liable to any legal proceedings. Therefore, the Group has no significant contingent liabilities.

#### SHORT AND LONG TERM BUSINESS PROSPECTS AND DEVELOPMENT PLANS

Since the market for health care products remains sluggish and the sale for traditional health care products is expected to be satisfactory, the Group therefore will increase the production of “Korean Ginseng” in 2003. It is anticipated that the turnover of “Korean Ginseng” in 2003 will amount to HK\$14 million and will even reach HK\$45 million in three years.

The Group will step up promotion of the product “Mei Nuo Ping”「美樂平」and develop new markets in addition to the existing one in the north-eastern part of China. The Group will tap the market in eastern China in 2003 and also other parts of China with market potential in 2004.

In order to cope with its strategy of producing a great variety of pharmaceutical products and enhancing their therapeutic effect, the Group will promote the sale of the new medicine for curing diabetes – Piplyketone, and the antibiotic – Azithromycin in 2003. The virus-resistant product Yan Shuan a Bi Duo er「鹽酸阿比朵爾」will go into production in 2005.

Following increase in sales turnover of the pharmaceutical products, the Group will have stable growth of its business.

The Group will commence production of the Longevity Ginseng with approval ref. Guo Yao Zhen Zi Xing Da Xiao in the second half of 2003. It will be sold in pharmacies and hospitals so as to avoid keen competition in the market for health care products and reduce the sales expenses to a large extent with a view to increasing profit ability.

In order to improve the situation of limited choice of products and seasonal fluctuation in sales, the Group is planning to adopt a multiple mode of operations so as to gain a larger share of the market and avoid the decline in sales. We will introduce to the market the products of Zhuang Gu Fan「壯骨粉」, Bing Tong Yan Wo Kou Fu Yue「冰糖燕窩口服液」and Wu Ji Jing「烏雞精」to compensate for the loss of sales in the non-peak season. We will also increase the utilization rate of the speciality outlets and significantly reduce the cost of production and sale.

The progress of the property development project in Guangzhou is on schedule. The approval procedure has been completed. It is now at the stage of arranging tender for the project. The total investment of the Group in the project will remain at HK\$20 million and funded from its internal resources.

#### EMPLOYEE POLICY, PERFORMANCE AND SALARY PROCEDURES

The Group has a total of over one thousand employees in the PRC and the Hong Kong Special Administrative Region of the PRC (“Hong Kong”) about the same level as last year.

Our production division implements performance appraisal morale for all employees. Those who fail to meet the appraisal are subject to dismissal. In order to boost the staff morale and enable them to give full play to their professional knowledge and skill, monthly as well as annual appraisals are conducted, those with remarkable performance upon appraisal are rewarded whereas those who fail in the appraisal standards are dismissed.

An output target for each product is formulated for various job postings. The Company uses 20% of the savings to award those staff (or job postings) who have exceeded the output target. A quota system is implemented in respect of the production task of various job postings. Those who fail to achieve their production quota have their salary reduced in accordance with the One Hundred Points Appraisal System and in proportion to the quantity of work being not completed. Those who have worked exceeding the production quota are awarded in accordance with the One Hundred Points Appraisal System.

Our marketing division has linked the wage of the marketing personnel with the selling expenses and sales income. They only receive a basic monthly salary. At the end of the year, those who are able to achieve the sales target are awarded bonus with regard to the percentage of the selling expenses in relation to the sales income.

#### SHARE OPTION SCHEMES

The Company adopted its existing share option scheme on 6 April 2001 which will expire on 6 April 2011 (the “Existing Scheme”). There is no option granted under the Existing Scheme. In view of the changes introduced to chapter 17 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) with effect from 1 September 2001, the Board considers that it is in the interest of the Company to adopt a new share option scheme in compliance with the Listing Rules (the “New Scheme”) and to terminate the Existing Scheme. A summary of the principal terms of the rules of the New Scheme will be set out in a circular (the “Circular”) which will be dispatched to the shareholders of the Company together with the 2002 annual report. The Existing Scheme will be terminated upon the New Scheme coming into effect which in turn will be subject to the fulfilment of certain conditions set out in the Circular.

#### AUDIT COMMITTEE

The audit committee of the Company and the management of the Company have reviewed the accounting principles and practices adopted by the Group and have discussed the matters related to auditing, financial reporting procedures and internal control, including the review of the final results for the year ended 31 December, 2002.

#### CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as established in Appendix 14 of the Listing Rules throughout the year ended 31 December, 2002.

#### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

#### PUBLICATION OF RESULTS ANNOUNCEMENT ON THE EXCHANGE'S WEBSITE

A detailed results announcement containing all the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of the Stock Exchange in due course.

By Order of the Board  
Wong Yin Sen  
Chairman

Hong Kong, 23 April, 2003

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2003 Annual General Meeting of Golden Dragon Group (Holdings) Limited (the “Company”) will be held at Room 1010-12, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong on 30 May 2003, Friday at 3:00 p.m. for the following purposes:

1. To receive and consider the Audited Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31st December 2002.
2. To re-elect the retiring directors of the Company (the “Directors”) and to authorize the board of Directors (the “Board”) to fix the remuneration of the Directors.
3. To appoint auditors and to authorize the Board to fix their remuneration.
4. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) granting approval of the listing of, and permission to deal in, any shares of HK\$0.10 each in the capital of the Company (the “Share”) to be allotted and issued pursuant to the exercise of options that may be granted under the new share option scheme of the Company (the “New Share Option Scheme”), the rules of the New Share Option Scheme are contained in the document marked “A” produced to the meeting and for the purpose of identification signed by the Chairman of the meeting, the New Share Option Scheme be and is hereby approved and adopted and the Board be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including but without limitation:

- (a) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for Shares;
  - (b) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
  - (c) to allot and issue from time to time such number of Shares as may be required to be allotted and issued pursuant to the exercise of the options under the New Share Option Scheme and subject to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”);
  - (d) to make application at the appropriate time or times to the Stock Exchange for the listing of and permission to deal in any Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the options under the New Share Option Scheme; and
  - (e) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme.”
5. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:  
“**THAT** conditional upon the passing of Resolution 4 above, the existing share option scheme for the employees of the Company and its subsidiaries (including any executive director of the Company and its subsidiaries) which was adopted by the resolution of the sole shareholder of the Company dated 6 April 2001 be and is hereby terminated with immediate effect.”
  6. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:  
“**THAT**

- (a) subject to paragraph (c) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional Shares or securities convertible into shares in the unissued share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) of this resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of the shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this resolution, otherwise than pursuant to (i) a Rights issue (as hereinafter defined); (ii) the exercise of any options that may be granted under any Share Option Scheme (as hereinafter defined) of the Company; or (iii) any scrip dividend or other similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on Shares pursuant to the articles of association of the Company; (iv) an exercise of rights of subscription or conversion under terms of any warrants issued by the Company or any securities which are convertible into Shares, shall not exceed 20 per cent. of the aggregate nominal amount of the Shares in issue at the date of passing this resolution; and
- (d) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of the Cayman Islands or the articles of association of the Company to be held; and
  - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.

“Rights Issue” means an offer of Shares or other equity securities of the Company open for a period fixed by the Directors to holders of Shares (excluding for such purpose any holder of shares who is resident in a place where such offer is not permitted under the law of that place) on the register of members on a fixed record date in proportion to their then holdings of such Shares and, where appropriate, to the holders of other equity securities of the Company entitled to such offer (excluding for such purpose any holder of other equity securities of the Company who is resident in a place where such offer is not permitted under the law of that place) by reference to a fixed record date and pro rata to their then holdings of such other equity securities of the Company (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong applicable to the Company); and

“Share Option Scheme” means a share option scheme or similar arrangement for the time being, as varied from time to time, adopted for the grant or issue to, inter alios directors and employees of the Company and its subsidiaries of rights to acquire shares of the Company.”

- (e) Further to paragraphs (a), (b) and (c) of this resolution, the Directors be given a general unconditional mandate to allot, issue and deal in Shares pursuant to the Right Issue.
7. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:  
“**THAT**

- (a) subject to paragraph (b) of this resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase on the Stock Exchange or any other stock exchange on which the securities of the Company may be listed and which is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange, its own shares, subject to and in accordance with all applicable laws of the Cayman Islands and the requirements of the Listing Rules and other regulations as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares to be repurchased or agreed conditionally or unconditionally to be repurchased by the Company pursuant to the approval in paragraph (a) of this resolution during the Relevant Period shall not exceed 10 per cent. of the aggregate nominal amount of the Shares in issue at the date of passing this resolution; and
- (c) for the purpose of this resolution, “Relevant Period” means the period from the passing of this resolution until whichever is the earliest of:
  - (i) the conclusion of the next annual general meeting of the Company;
  - (ii) the expiration of the period within which the next annual general meeting of the Company is required by any applicable laws of the Cayman Islands or the articles of association of the Company to be held; and
  - (iii) the revocation or variation of the authority given under this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

8. As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as an Ordinary Resolution:

“**THAT** conditional upon the passing of Ordinary Resolutions 6 and 7 above, the general mandate granted to the Directors to issue and dispose of additional Shares in the capital of the Company pursuant to Ordinary Resolution 6 above be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the Shares repurchased by the Company under the authority granted pursuant to Ordinary Resolution 7 above provided that such amount shall not exceed 10 per cent. of the aggregate nominal amount of the Shares in issue at the date of this resolution.

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

Hong Kong, 23 April, 2003

*Notes :*

- (a) The Register of Members will be closed from 27 May 2003 to 30 May 2003 (both days inclusive), during which period no transfer of Shares will be registered. In order to determine who are entitled to attend the 2003 Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar in Hong Kong, Central Registration Hong Kong Limited at Shops 1901-5, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not later than 4:00 p.m. on 26 May 2003.
- (b) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or, if holding two or more Shares, more than one proxy to attend and, in the event of a poll, vote on his behalf. A proxy need not be a member of the Company.
- (c) To be valid, the form of proxy together with the power of attorney, if any, or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company’s branch share registrar in Hong Kong, Central Registration Hong Kong Limited at Shops 1901-5, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 48 hours before the time fixed for holding the meeting or adjournment thereof.