



# Golden Dragon Group (Holdings) Limited

## 金龍集團（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

### ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER, 2001

#### CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of Golden Dragon Group (Holdings) Limited (the "Company"), I am pleased to present its first announcement of final results for the year ended 31 December 2001 of the Company and its subsidiaries (the "Group") since the shares of the Company was listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 May, 2001.

#### RESULTS FOR THE YEAR 2001

In the year ended 31 December, 2001, the audited consolidated profit of the Group amounted to HK\$18,688,000, representing a decrease of 74.5% over last year due to unfavourable market conditions, impact of the special circumstances underlying goods returned and large expenditure on advertising and promotions in the newly developed markets.

Turnover less goods returned under special circumstance for the year 2001 was HK\$209,413,000, representing a decrease of 15.7% over HK\$248,498,000 in the year 2000.

Earning per share for the year 2001 amounted to HK\$0.0341, representing a decrease of 77.7% over HK\$0.1527 in the year 2000.

A final dividend of HK\$0.015 per share is proposed. Interim dividend of HK\$21,500,000 in the year 2001 was distributed to the then shareholders at that time by a subsidiary of the Group before the restructuring of the Group. (No interim and final dividends distributed for the year 2000).

#### PROSPECTS FOR THE YEAR 2002

Following resolution of the trade mark dispute in the second half of the year 2001, the Group implemented a strategy of vertical consolidation and horizontal expansions, as well as exploited business opportunities in China. As a result, the Group will be able to steadily maintain growth and expand its business. Looking ahead, the management considers that the strategic decisions of the Group will bring improvements to its results and be conducive to its sustained development.

#### ADDING VALUE FOR CUSTOMERS AND SHAREHOLDERS

In the past ten years, the Group built up a solid large-scale production mode with success, making the Group one of the major health care product manufacturers in the People's Republic of China ("PRC"). To ensure that the growth momentum of the Group in the new century will sustain and improve, the Company strives to achieve the best. In the past twelve months, the Company continued to adopt its stable and long term growth strategy to explore and develop business opportunities in China and overseas.

#### BUSINESS OPPORTUNITIES IN CHINA

In view of China's accession to the World Trade Organization and successful bidding for hosting the 2008 Olympics Games, its consumer market will improve and prosper. With our professional knowledge and marketing network of pharmaceutical and health care products, the Company is ready to capitalize on the favourable situation by taking a well-prepared position in the transformation towards the new economy. During the year, the Group had increased the retail outlets and expanded distribution networks for its products in Beijing, Chengdu, Chongqing and Wuhan, the PRC.

#### RESEARCH AND DEVELOPMENT

To meet the needs of our customers, the Group focuses on research and development of technology and the most updated technology for developing markets in which best quality products will be provided to consumers. In 2001, the Group deployed enormous resources on research and development as well as making investments in upgrading production plants.

#### FINAL DIVIDEND

The Board recommends a final dividend of HK\$0.015 per share for the year ended 31 December, 2001 to be paid to those shareholders whose names appear on the register of members of the Company at the close of business on 31 May, 2002. Upon obtaining approval at the forthcoming Annual General Meeting of the Company, the above mentioned dividend, being the first dividend to be distributed following the listing of the Company, will be paid to shareholders on or before 18 June 2002.

#### ACKNOWLEDGMENTS

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our customers, suppliers and shareholders for their support. Moreover, we deeply appreciate the valuable contributions from the Board and every strenuous effort and dedication of our staff.

#### CONSOLIDATED INCOME STATEMENT

For the year ended 31 December, 2001

		2001 HK\$'000 (note 1)	2000 HK\$'000 (note 1)
Turnover		209,413	248,498
Cost of goods sold		(85,282)	(96,295)
Gross profit		124,131	152,203
Other revenue		898	1,386
Distribution costs		(71,129)	(49,419)
Administrative expenses		(24,649)	(18,735)
Profit from operations	4	29,251	85,435
Finance charges	5	(2,770)	(2,137)
Profit before taxation		26,481	83,298
Taxation	6	(3,649)	(5,597)
Profit before minority interests		22,832	77,701
Minority interests		(4,144)	(4,492)
Net profit for the year		18,688	73,209
Dividends	7		
Interim, paid to the then shareholders prior to the Group Reorganisation		21,500	—
Proposed final dividend of HK1.50 cents (2000: nil) per share		8,760	—
Basic earnings per share	8	HK3.41 cents	HK15.27 cents

#### Notes:

##### 1. GROUP REORGANISATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated as an exempted company with limited liability in the Cayman Island on 15 September, 2000 under the Companies Law of the Cayman Islands. The Company's ultimate holding company is Absolute Target Limited, a company incorporated in the British Virgin Islands.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are the production and sales of a series of health care products.

Pursuant to a group reorganisation (the "Group Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on the Stock Exchange, the Company became the holding company of the Group on 17 January, 2001. Details of the Group Reorganisation are set out in the prospectus issued by the Company dated 26 April, 2001 (the "Prospectus").

The shares of the Company were listed on the Stock Exchange on 9 May, 2001.

The Group resulting from the Group Reorganisation is regarded as a continuing entity. Accordingly, the financial statements of the Group for the year ended 31 December, 2001 have been prepared on a merger accounting basis in accordance with Statement of Standard Accounting Practice ("SSAP") 27 "Accounting for Group Reconstructions" issued by the Hong Kong Society of Accountants.

##### 2. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and in accordance with accounting principles generally accepted in Hong Kong.

In the current year, the Group adopted SSAP 9 (Revised) "Events after the Balance Sheet Date". In accordance with the statement, dividend proposed or declared after the balance sheet date are not recognised as a liability at the balance sheet date, but are disclosed as a separate component of equity on the face of the balance sheet or in the notes to the financial statements. This change in accounting policy has been applied retrospectively, resulting in a prior year adjustment which increase the accumulated profits as at 1 January 2000 by HK\$21,500,000.

##### 3. SEGMENTAL INFORMATION

The Group is solely engaged in production and sales of a series of health care products and operates only in the PRC. All significant identifiable assets of the Group are located in the PRC. Accordingly, no segmental analysis is presented.

##### 4. PROFIT FROM OPERATIONS

	2001 HK\$'000	2000 HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments	5,213	356
Other staff costs		
– retirement benefits scheme contributions	601	316
– salaries and allowances	10,884	6,480
	16,698	7,152
Auditors' remuneration	700	500
Loss on disposal of property, plant and equipment	76	—
Depreciation and amortisation	2,181	1,453
Operating lease rentals in respect of land and buildings	6,018	1,953
Allowances for bad and doubtful debts	—	8,281
Interest income	(898)	(140)
PRC sales tax refund (*)	—	(1,102)

(\*) For the year ended 31 December, 2000, the amount represented the tax refunds received by a subsidiary due to changes in indirect tax system in the PRC.

##### 5. FINANCE CHARGES

	2001 HK\$'000	2000 HK\$'000
The finance charges represent interest on:		
– Bank borrowings wholly repayable within five years	2,770	2,057
– Other borrowings wholly repayable within five years	—	80
	2,770	2,137

##### 6. TAXATION

No Hong Kong Profits Tax is payable by the Company or its Hong Kong subsidiary since they had no assessable profit for the year.

Income tax in the PRC has been provided at the prevailing rates on the estimated assessable profit applicable to each individual company within the Group in the PRC.

The Group did not have any significant unprovided deferred taxation for the year or unprovided deferred tax asset or liability at the balance sheet date.

Pursuant to relevant laws and regulations in the PRC, the Group's PRC subsidiaries are entitled to an exemption from PRC income tax for the two years starting from their first profit-making year, followed by a 50 per cent. tax relief for the next three years.

Shenyang Jinlong Health Care Products Co., Ltd. ("Shenyang Jinlong") was entitled to a 50 per cent. relief from PRC income tax during the two years ended 31 December, 1999. Commencing on 1 January, 2000, Shenyang Jinlong is subject to PRC income tax at a rate of 15 per cent. In addition, Shenyang Jinlong is entitled to an exemption of the local income tax during the five years ended 31 December, 1999, followed by a 50 per cent. relief for the next three years. Accordingly, Shenyang Jinlong is subject to a local income tax at the reduced rate of 1.5 per cent. for the three years ending 31 December, 2002. The other PRC subsidiaries of the Group were still within the PRC income tax exemption/relief period during the year.

##### 7. DIVIDENDS

The interim dividend of HK\$21,500,000 for the year represents the dividends declared by a subsidiary of the Group to the then shareholders prior to the Group Reorganisation.

The rate of dividend is not presented as the directors do not consider such information to be meaningful in the context of the financial statements.

The final dividend of HK1.50 cents (2000: nil) per share has been proposed by the directors and is subject to approval by the shareholders in general meeting.

##### 8. BASIC EARNINGS PER SHARE

The calculation of basic earning per share for the year ended 31 December, 2001 is based on the net profit for the year 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.

The calculation of basic earnings per share for the year ended 31 December, 2000 is based on the net profit for that year of approximately HK\$73,209,000 and on the weighted average of 479,400,000 shares that would have been in issue during that year as if the Group Reorganisation and the issue of shares by way of capitalisation of share premium account in 2001 had been completed on 1 January, 2000.

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

#### MANAGEMENT REPORT, DISCUSSION AND ANALYSIS

The Directors consider that listing of the shares of the Company on the main board of the Stock Exchange on 9 May 2001 represents a new milestone of business development of the Group.

#### REVIEW OF MARKET CONDITIONS

The pace of economic growth slowed down substantially in 2001, particularly after the terrorist attacks in the United States of America on 11 September, 2001 which severely affected the domestic markets in China, resulting in a substantial drop in share prices of A shares in the stock markets in China. The domestic consumption level showed extensive decline when compared with that in the corresponding period of the previous year. The hardest hit segment was internal consumption such as health care products industry. To cope with the domestic market conditions in China, the Company adjusted its product marketing strategy in time: apart from launching massive advertising and promotional campaigns in the newly developed markets, marketing approach in existing markets is shifted to taking up points of sales from the previous sales approach mainly based on advertising. Over a thousand exclusive sales counters were leased and approximately 1,200 marketing staff hired to meet the needs of the consumers over the counters. They marketed products by conducting product introductions on functions and therapeutic effects and distributing promotional leaflets. In order to expand product sales, new markets in Beijing, Chengdu, Chongqing and Wuhan were developed in the second half of 2001. Sales revenue generated from the new markets for the year amounted to approximately HK\$40 million, of which about HK\$5 million sales revenue was generated by the new product "Yan Ling Shu Ke" (延齡舒可).

#### BUSINESS PERFORMANCE CONDITIONS

The following is the business review of the year ended 31 December, 2001 presented to the Group by the Board of the Company.

As a result of the occurrence of the "trade mark dispute", substantial quantity of sold goods, amounting to over HK\$50 million, had been returned since the end of September 2001. After deducting the goods returned, the realized turnover of the Group for the whole year amounted to HK\$209,413,000, representing a decrease of 15.7% over the same period of previous year, of which turnover of HK\$158 million was realized by Baoling Ginseng, HK\$46 million by American Ginseng products and HK\$5 million by the new product "Yan Ling Shu Ke" (延齡舒可).

PRODUCT DEVELOPMENT

The new product “Pill for Reducing Blood Sugar” (降糖膠囊), which was originally planned to launch in the first half of the year, did not obtain “production approval” until October 2001 due to the new product naming rules adopted by the Ministry of Public Health. The product was renamed “Yan Ling Shu Ke” (延齡舒可) and launched to the market in December 2001, generating a turnover of HK\$5 million for the year.

The proposed new products to be acquired or jointly developed, namely “Transgenesis γ-tpA” (轉基因γ-tpA) and the anti early-aged senile “Fu Gan Ning” (服肝寧), were postponed because of obstacles of research and development technology on the part of the transferring (developing) party which results in project application not having been completed. On the other hand, “Piglyketone” (匹格列酮) and “Azithromycin Granules” (阿奇霉素微囊細粒劑) were underway pursuant to a contracted schedule. Transfer fees of HK\$1.3 million and HK\$0.6 million have been paid to date. According to the schedule, it is expected that “Piglyketone” (匹格列酮) will obtain new medicine production approval by August 2002 and production will commence in September 2002. Currently, biological utilization rate tests have been conducted for “Azithromycin Granules” (阿奇霉素微囊細粒劑), and it is anticipated that production approval will be obtained in December 2002. Production will commence in 2003.

To speed up the progress of product development, the Company recruited a number of product research and development staff this year. “Mei Nuo Ping” (美諾平) is a pure herbal medicine product which can be orally taken and also for external use. It has been successfully developed and used for treating pimples. Application for approval has been submitted to the state medicine regulatory bureau. It is expected that product approval will be obtained in August 2002 and production will commence in September 2002.

The “Skin care pill” (換膚丹) under original application was renamed “Xiang Fei Jiao Nang pill” (香妃膠囊) and obtaining the production approval, whereas “Nuclein” (核能元) was still being reviewed.

REGIONAL DEVELOPMENT

During the first half of this year, sales markets in Shanghai city and provinces of Zhejiang and Jiangsu were basically unchanged when compared with last year. The Company successfully developed four new markets in Beijing, Chengdu, Chongqing and Wuhan, bringing a turnover of approximately HK\$40 million to the Group.

EMPLOYEE POLICY, PERFORMANCE AND SALARY PROCEDURES

The Group has a total of over one thousand employees in the PRC and Hong Kong, about the same level as last year. Based on the successful experience of the Production Division in implementing One Hundred Points Appraisal Scheme in the first half of 2001, the Sales Division used, with the experience of the Production Division as the basis, appraisal methods that determine and confirm job position and the relevant salary according to the comprehensive results. Initiatives of the marketing staff in the Sales Division had been largely motivated. Areas of appraisal include indicators like sales volume, refund rates, market share, brand name recognition and proportion of marketing expenditure. At the same time, the control of sales work activities was strengthened. Taking in the above information, the Company was able to adjust its work objectives and marketing strategies. Sales costs were reduced to the largest possible level. According to the comprehensive appraisal indicators, excellent staff were promoted to higher positions whereas demotion and reduced salary given to those who failed to meet the comprehensive appraisal indicators.

CAPITAL STRUCTURE

At 31 December, 2001, the share capital of the Group was approximately HK\$58.4 million, compared with HK\$47.9 million at 31 December, 2000. At 31 December, 2001, shareholders' funds (before distribution of dividends) were approximately HK\$196.3 million, compared with HK\$123.9 million at end-2000.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December, 2001, bank loans of the Group in China amounted to HK\$47,170,000, representing an increase of HK\$19,897,000 over the same period of the previous year, all of which were current fund loans due within one year. The Group did not use property as securities for such bank loans. Since movements of the Hong Kong dollar against RMB were more stable than against other currencies, the Directors do not anticipate to face any major currency exposures, therefore the Group has not arranged any currency hedge.

Gearing ratio of the Group rose slightly from approximately 22.0% at 31 December, 2000 to approximately 24.0% at 31 December, 2001. This calculation is based on net borrowings of HK\$47,170,000 (2000: HK\$27,273,000) and shareholders fund of HK\$196,305,000 (2000: HK\$123,900,000).

CHARGE OF ASSETS

As at 31 December, 2001, the Group's bank deposits of approximately HK\$11,981,000 (2000: HK\$2,727,000) were pledged to banks to secure general banking facilities granted to subsidiaries.

CONTINGENT LIABILITIES

As at 31 December, 2001, the Group did not provide any from of guarantees for any other company and was not liable to any legal proceedings. Therefore, the Group was no significant contingent liabilities.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2002 Annual General Meeting (the “Meeting”) of Golden Dragon Group (Holdings) Limited (the “Company”) will be held at Concord Room, 8/F, Renaissance Harbour View Hotel, 1 Harbour Road, Wanchai, Hong Kong on 31 May 2002, Friday at 3:00 p.m. for the following purposes:

- To receive and consider the Audited Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31st December 2001.

To declare a final dividend.

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.

To appoint auditors and to authorize the Board to fix their remuneration.

As special business, to consider and, if thought fit, pass with or without amendments, the following resolution as 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 of HK\$0.1 each (“Share”) 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:

the conclusion of the next annual general meeting of the Company;

the revocation or variation of the authority given under this resolution by Ordinary Resolution of the shareholders of the Company in a general meeting; and

the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held.
- “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 executive directors and employees of the Company and its subsidiaries of rights to acquire shares of the Company.”.

APPLICATION OF PROCEEDS FROM THE LISTING

On 9 May, 2001, the shares of the Company was listed on the main board of the Stock Exchange. Net proceeds of about HK\$70,000,000 raised from the share offer were used on business expansions and new product development.

As at 31 December, applications of the proceeds were as follows:

Plant renovation and replacement of equipment to meet the high standard of GMP: totally HK\$3.5 million was spent, exceeding the planned expenditure of HK\$2.5 million by HK\$1 million. It is expected that HK\$1.8 million will be paid for the completion of the entire project.

An amount of HK\$1.3 million was paid as technology transfer fee for acquisition of new medicine “Piglyketone” (匹格列酮). A further HK\$0.8 million shall be paid under the contract. This is in line with HK\$2.1 million as planned in the Prospectus.

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 planned in the Prospectus.

An amount of HK\$0.31 million was paid on projects of expanding production facilities and production volumes.

An amount of HK\$23 million, exceeding the originally 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, 2001, the above investment projects had a total actual expenditure of HK\$28 million.

SHORT AND LONG TERM BUSINESS PROSPECTS AND DEVELOPMENT PLANS

The Group will continue to develop new sales markets with two new markets including Guangdong scheduled for 2002. As far as the newly developed markets of Beijing, Chengdu, Chongqing and Wuhan are concerned, the Group will increase its penetration power by actively developing those neighboring regional markets of such newly developed markets. The Group is able to increase sales volume by twofold on the basis of 2001. New markets will bring steady business growth to the Group.

The construction work of medicine production plants is largely completed to cope with the business development of the Group and bring the quality of medicine products more in line with the new production standard. The plants have applied to the pharmaceutical regulatory authority for inspection and approval and are expected to commence production in June 2002. Production of Chinese products such as “Kang Gu Sheng Zeng Pian” (抗骨增生片), “Tong Mai Ke Li” (通脈顆粒), “Du Zhong Jiang Ya Pian” (杜仲降壓片) and “Mei Nuo Ping” (美諾平) will commence in the second half of the next year. Production of the diabetes treatment product “Piglyketone” (匹格列酮) will commence in August 2002. With the completion of medicine production facilities, the Group is combining both the traditional Chinese medicines production and the modern pharmaceutical manufacturing, bringing new growth areas for the business of the Group.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 28 May, 2002 to Friday, 31 May, 2002 both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending the forthcoming Annual General Meeting, all completed transfer forms 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 Rooms 1901-5, 19th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on Monday, 27 May, 2002.

AUDIT COMMITTEE

The audit committee of the Company (the “Audit Committee”) 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, 2001.

CODE OF BEST PRACTICE

Since the listing of the Company's shares on the Stock Exchange on 9 May, 2001, the Company has complied with the Code of Best Practice as established in Appendix 14 of the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SHARES

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

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

Golden Dragon Group (Holdings) Limited

Wong Yin Sen

Chairman

Hong Kong, 23 April., 2002

- (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.

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 (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 Rules Governing the Listing of Securities on The Stock Exchange 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:

the conclusion of the next annual general meeting of the Company;

the revocation or variation of the authority given under this resolution by Ordinary Resolution of the shareholders of the Company in a general meeting; and

the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held.”.

7. 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 5 and 6 as set out in the notice convening this Meeting, the general mandate granted to the Directors to issue and dispose of additional Shares in the capital of the Company pursuant to Ordinary Resolution 5 set out in the notice convening this Meeting 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 6 set out in the notice convening this Meeting 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, 2002

Notes :

- (a) The Register of Members will be closed from 28 May 2002 to 31 May 2002 (both days inclusive), during which period no transfer of Shares will be registered. In order to determine who are entitled to attend the 2002 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 27 May 2002.

(b) A member entitled to attend and vote at the Meeting is entitled to appoint a proxy or, if holding two of 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.

(d) In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Central Registration Limited at Shops 1901-5, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:00 p.m. on 27 May 2002.