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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)

ANNOUNCEMENT **VERY SUBSTANTIAL ACQUISITION AND CONNECTED** **TRANSACTION — SECOND SUPPLEMENTAL AGREEMENT TO** **THE SALE AND PURCHASE AGREEMENT** **DATED 13 FEBRUARY 2007 (AS AMENDED BY** **THE SUPPLEMENTAL AGREEMENT** **DATED 30 MARCH 2007)**

On 3 May, 2007, the Vendor, the Purchaser and the Guarantors entered into the Second Supplemental Agreement to amend the terms of the Convertible Note to the effect that the Convertible Note will be mandatorily converted by the Company on the Maturity Date unless previously redeemed, purchased and cancelled or converted and subject to, inter alia, the public float requirement of the Company under the Listing Rules and compliance with the Takeovers Code.

The Second Supplemental Agreement is conditional upon (i) the Agreement and the Supplemental Agreement becoming unconditional and not being terminated in accordance with the terms thereof, (ii) approval by the independent shareholders of the Company (i.e. shareholders other than Mr. Wong Yin Sen, Mr. Hon Lik, Mr. Wong Hei Lin and Mr. Li Kim Hung, Isaacs and their respective associates) of the Shareholders' resolution in relation to, inter alia, the Second Supplemental Agreement and all transactions contemplated thereunder at the EGM and (iii) the Waiver remaining valid as a result of the amendments of the terms of the Convertible Note under the Second Supplemental Agreement.

INTRODUCTION

Reference is made to the announcements of the Company dated 19 March 2007 and 3 April 2007 ("Announcements") in respect of the sale and purchase of the entire issued share capital of Best Partners Worldwide Limited (currently known as SBT Investment Holdings Limited) (as amended by the supplement agreement dated 30 March 2007). Unless otherwise stated herein, words and expressions defined in the Announcements shall have the same meaning when used in this announcement.

SECOND SUPPLEMENTAL AGREEMENT

The Board is pleased to announce that a second supplemental agreement was entered into on 3 May 2007 ("Second Supplemental Agreement") between the Vendor, the Purchaser and the Guarantors whereby the parties thereto agreed to amend the terms of the Convertible Note to the effect that the Convertible Note will be mandatorily converted by the Company on the Maturity Date unless previously redeemed, purchased and cancelled or converted. The conversion of the Convertible Note is subject to the compliance with the public float requirements under the Listing Rules and the Takeovers Code, if required. Under the terms of the Convertible Note, the Company shall not issue Conversion Shares to the Vendor upon exercise of the Convertible Note in the event that the public float requirements under the Listing Rules cannot be complied with as a result of such conversion.

The Second Supplemental Agreement is conditional upon (i) the Agreement and the Supplemental Agreement becoming unconditional and not being terminated in accordance with the terms thereof, (ii) approval by the independent shareholders of the Company (i.e. shareholders other than Mr. Wong Yin Sen, Mr. Hon Lik, Mr. Wong Hei Lin and Mr. Li Kim Hung, Isaacs and their respective associates) of the Shareholders' resolution in relation to, inter alia, the Second Supplemental Agreement and all transactions contemplated thereunder at the EGM and (iii) the waiver granted by the Executive waiving the obligation of the Vendor and its concert parties to make a mandatory offer for all the Shares not already owned by them under the Takeovers Code as a result of the full conversion of the Convertible Note by the Vendor (the "Waiver"), remaining valid as a result of the amendments of the terms of the Convertible Note under the Second Supplemental Agreement.

In the event that conditions (i) and (ii) above cannot be fulfilled by the Long Stop Date or that the Waiver shall not remain valid as a result of the amendments of the terms of the Convertible Note under the Second Supplemental Agreement on or before the Long Stop Date, the Second Supplemental Agreement shall forthwith terminate and be null and void and of no further effect.

REASONS OF THE SECOND SUPPLEMENTAL AGREEMENT

In order to minimize the negative impact on the Group's net asset value as a result of the Acquisition and the issue of the Convertible Note by converting the Convertible Note into capital on the Maturity Date, the Directors further negotiated the terms of the Acquisition with the Vendor and both parties resolved to enter into the Second Supplemental Agreement to amend the term of the Convertible Note that all the Convertible Note will be mandatorily converted by the Company on the Maturity Date unless previously redeemed, purchased and cancelled or converted and subject to compliance of the Listing Rules and the Takeovers Code as mentioned above.

The Directors are of the view that the terms of the Second Supplemental Agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole.

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

Hong Kong, 3 May 2007

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