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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)

ISSUE OF NON-VOTING PREFERRED SHARES BY NEW WELLON LIMITED, AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF GOLDEN DRAGON GROUP (HOLDINGS) LIMITED

The Board is pleased to announce that all the conditions precedent to First Completion of the Equity Subscription Agreement have been fulfilled and First Completion has taken place on 5 November 2003.

Unless the context requires otherwise, terms defined in the announcement of the Company dated 24 October 2003 (the “**Last Announcement**”) shall have the same meanings when used in this announcement.

The Board is pleased to announce that all the conditions precedent to First Completion of the Equity Subscription Agreement have been fulfilled and First Completion has taken place on 5 November 2003 whereby the following agreements/deed are entered into:

- (a) the Deed of Put Option between the Company and Investor;
- (b) the Shareholders’ Agreement among the Company, Chenlong, New Wellon and Investor; and
- (c) a supplemental agreement to the Deed of Put Option between the Company and Investor, the effect of which is to make the Deed of Put Option consistent with the First Supplemental Agreement.

New Wellon has received US\$4,000,000 from Investor and New Wellon has also allotted and issued 4,000,000 Preferred Shares to Investor pursuant to First Completion.

Pursuant to the Deed of Put Option, the Company has granted to Investor the Put Option exercisable by Investor during the Put Option Period to require the Company to purchase all but not part only of the Preferred Shares from Investor to the reasonable satisfaction of Investor. Please refer to the Last Announcement for further details of the Deed of Put Option.

On the assumption that all the 7,000,000 Preferred Shares are purchased by the Company pursuant to the Deed of Put Option using the Conversion Method, a maximum of 116,800,000 Shares (on the basis of the entire issued share capital of 584,000,000 Shares) would fall to be issued, representing 20 per cent of the issued share capital of the Company as at the date of the Last Announcement and approximately 16.67 per cent of the issued share capital of the Company as enlarged by the allotment and issue of such Shares.

The Board has a general mandate in place to allot, issue or deal with Shares up to a maximum of 20% of the aggregate nominal amount of the issued Shares as at 30 May 2003 (being the date of the last annual general meeting of the Company) (the “General Mandate to Issue Shares”) and the Shares to be issued under the Conversion Method upon the exercise of the Put Option will be pursuant to the General Mandate to Issue Shares.

Application has been made to the Listing Committee of the Stock Exchange for the granting of the listing of, and permission to deal in, the Shares which may be allotted and issued pursuant to the Deed of Put Option in the event the Conversion Method is used. The Company will issue an announcement as soon as practicable if the allotment and issue of the Shares pursuant to the Deed of Put Option takes place.

Second Completion of the Equity Subscription Agreement will take place within 5 business days after the conditions precedent to Second Completion having been fulfilled to the reasonable satisfaction of and/or waived by Investor and by no later than 4 November 2005. The Company will issue an announcement as soon as practicable after Second Completion takes place.

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