



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)

TOP-UP PLACING OF EXISTING SHARES AND
TOP-UP SUBSCRIPTION OF NEW SHARES
RESUMPTION OF TRADING



PLACING AGENT
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED

On 19 September, 2006, the Vendor entered into (i) the Top-Up Placing Agreement with the Placing Agent and the Company; and (ii) the Top-Up Subscription Agreement with the Company.

Pursuant to the Top-Up Placing Agreement, the Vendor agreed to place, through the Placing Agent, an aggregate of 116,800,000 existing Shares, to not less than six independent individual, corporate and/or institutional investors, and who and whose ultimate beneficial owners (i) are not connected persons (as defined in Listing Rules) of the Company; and (ii) are independent of the Company and its connected persons (as defined under the Listing Rules) and other placees at a price of HK\$0.55 per Share.

Pursuant to the Top-Up Subscription Agreement, the Vendor conditionally agreed to subscribe for an aggregate of 116,800,000 Shares at a price of HK\$0.55 per Share.

The Top-Up Placing Shares (or the Top-Up Subscription Shares) of 116,800,000 Shares represent (i) about 20% of the existing issued share capital of the Company of 584,000,000 Shares; and (ii) about 16.67% of the issued share capital of the Company of 700,800,000 Shares as enlarged by the Top-Up Subscription.

The Top-Up Placing Price (and the Top-Up Subscription Price) is fixed on 19 September, 2006, being the Last Trading Day. The Top-Up Placing Price (and the Top-Up Subscription Price) of HK\$0.55 represents:

(i) a discount of about 5.17% to the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of about 3.77 % to the average closing price per Share of HK\$0.530 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and

(iii) a premium of about 5.97% to the average closing price per Share of HK\$0.519 as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Top-Up Subscription is conditional upon, among other things, (1) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Top-Up Subscription Shares and (2) the completion of the Top-Up Placing. The net proceeds from the Top-Up Subscription of about HK\$63,240,000 will be applied as to (i) approximately HK\$21,080,000 for developing the health care products and new pharmaceutical products; (ii) approximately HK\$21,080,000 for market research and development of new markets for the health care products and new pharmaceutical products; and (iii) approximately HK\$21,080,000 for use as general working capital.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on Wednesday, 20 September 2006 pending the publication of this announcement in respect of top-up placing of existing Shares and top-up subscription of new Shares. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on Thursday, 21 September 2006.

THE TOP-UP PLACING AGREEMENT

Date
19 September 2006

Parties involved
The Placing Agent, the Company and the Vendor

Placing Agent

Guotai Junan Securities (Hong Kong) Limited is the Placing Agent and will receive a placing commission of 1.25% on the gross proceeds of the Top-Up Placing paid by the Company ultimately, which was arrived at after arm’s length negotiations between the Company and the Placing Agent. The Placing Agent and its ultimate beneficial owners are not connected persons (as defined in Listing Rules) of the Company and are third parties independent of the Company and its connected persons (as defined under the Listing Rules).

Placees
Not less than six placees who are independent individual, corporate and/or institutional investors, and who and whose ultimate beneficial owners (i) are not connected persons (as defined in Listing Rules) of the Company; and (ii) are independent of the Company and its connected persons (as defined under the Listing Rules) and other placees.

Top-Up Placing Price
The Top-Up Placing Price is fixed on 19 September, 2006, being the Last Trading Day. The Top-Up Placing Price (and the Top-Up Subscription Price) of HK\$0.55 represents:

(i) a discount of about 5.17% to the closing price of HK\$0.58 per Share as quoted on the Stock Exchange on the Last Trading Day;

(ii) a premium of about 3.77% to the average closing price per Share of HK\$0.530 as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day; and

(iii) a premium of about 5.97% to the average closing price per Share of HK\$0.519 as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day.

The Top-Up Placing Price is negotiated on an arm’s length basis amongst the Vendor, the Company and the Placing Agent. The Directors consider that the terms of the Top-Up Placing are fair and reasonable based on the current market conditions and the Top-Up Placing is in the interests of the Company and its Shareholders as a whole.

Top-Up Placing Shares
The Top-Up Placing Shares of 116,800,000 Shares represent (i) about 20% of the existing issued share capital of the Company of 584,000,000 Shares; and (ii) about 16.67% of the issued share capital of the Company of 700,800,000 Shares as enlarged by the Top-Up Subscription.

Condition of the Top-Up Placing
The Top-Up Placing is unconditional.

Completion
The Top-Up Placing is to be completed on 22 September, 2006 or on such other date as may be agreed between the Vendor and the Placing Agent.

THE TOP-UP SUBSCRIPTION AGREEMENT
Date
19 September 2006

Parties involved
The Company and the Vendor

Top-Up Subscription Price

The Top-Up Subscription Price is HK\$0.55 per Share. The Top-Up Subscription Price is the same as the Top-Up Placing Price and is determined after arm’s length negotiation between the Company and the Vendor with reference to the Top-Up Placing Price of the Top-Up Placing Shares.

Number of Top-Up Subscription Shares
The number of Top-Up Subscription Shares is equivalent to the number of Top-Up Placing Shares, being 116,800,000 Shares.

Ranking of Top-Up Subscription Shares
The Top-Up Subscription Shares, when issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Top-Up Subscription Shares.

Conditions
The Top-Up Subscription is conditional upon (i) the Listing Committee of the Stock Exchange granting approval for the listing of, and permission to deal in, the Top-Up Subscription Shares and (ii) completion of the Top-Up Placing.

Application will be made to the Stock Exchange to grant the approval for the listing of, and permission to deal in, the Top-Up Subscription Shares.

Completion
Under Rule 14A.31(3)(d) of the Listing Rules, the Top-Up Subscription must be completed within 14 days after the date of the Top-Up Subscription Agreement, that is, on or before 3 October 2006.

In the event that the conditions to the Top-Up Subscription Agreement are not fulfilled by 29 September, 2006 (or such later date as the parties thereto may mutually agree), the rights and obligations of the parties under the Top-Up Subscription Agreement shall lapse and be of no further effect, in which event the parties thereto shall be released from such obligations without any liability save as to any antecedent breach and provided that any rights or remedies which shall have accrued shall not be prejudiced or affected.

EFFECTS ON SHAREHOLDING STRUCTURE					
Name of Shareholders	Existing no. of shares held	Approximate %	No. of shares held after Top-up Placing but Before Top-up Subscription	Approximate %	No. of shares held after Top-up Placing and Top-up Subscription
					Approximate %
Vendor	388,000,000	66.44	271,200,000	46.44	388,000,000
Mr. Li Kim Hung, Isaacs	220,000	0.04	220,000	0.04	220,000
Public	195,780,000	33.52	195,780,000	33.52	195,780,000
			(Public excluding places)		(Public excluding places)
			116,800,000	20.00	116,800,000
			(places)		(places)
	584,000,000	100%	584,000,000	100%	700,800,000

Note: The entire issued share capital of the Vendor is beneficially owned by Messrs Wong Yin Sen, Hon Lik and Wong Hei Lim as to 46.25%, 42.50% and 11.25%, respectively.

REASONS FOR THE TOP-UP PLACING AND TOP-UP SUBSCRIPTION AND USE OF PROCEEDS
The Directors considered various ways of raising funds and consider that the Top-Up Placing and Top-Up Subscription represents an opportunity to raise capital for the Company while broadening the shareholder base and the capital base of the Company.

The gross proceeds from the Top-Up Subscription is HK\$64,240,000. The net proceeds from the Top-Up Subscription of approximately HK\$63,240,000 will be applied for as to (i) approximately HK\$21,080,000 for developing the health care products and new pharmaceutical products; (ii) approximately HK\$21,080,000 for market research and development of new markets for the health care products and new pharmaceutical products; and (iii) approximately HK\$21,080,000 for use as general working capital.

The net proceeds raised per Top-Up Subscription Shares will be about HK\$0.54 per Shares. The Company will bear aggregate expenses and costs of about HK\$1,000,000 incurred in relation to the Top-Up Placing and the Top-Up Subscription.

EQUITY FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE-MONTH PERIOD
The Company has not conducted any equity fund raising activities in the past twelve month period immediately before the date of this announcement.

GENERAL MANDATE
The Top-Up Subscription Shares, i.e. 116,800,000 Shares will be issued under the general mandate (“General Mandate”) to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting (the “AGM”) of the Company held on 8 June, 2006 subject to the limit up to 20% of the issued share capital of the Company as at the date of passing the resolution at the AGM (i.e. 116,800,000 Shares). As at the date of this announcement, no Shares has been issued under the General Mandate. After completion of the Top-Up Placing, there are 116,800,000 Shares which may be allotted and issued pursuant to the General Mandate.

GENERAL
The Group is principally engaged in processing and sale of health care products, ginseng and related products, pharmaceutical products and electronic cigarette components.

The Company will submit an application to the Stock Exchange for the listing of, and permission to deal in the Top-Up Subscription Shares pursuant to the Top-up Subscription Agreement.

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, 20 September 2006 pending the publication of this announcement in respect of top-up placing of existing Shares and top-up subscription of new Shares. Application has been made to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on Thursday, 21 September 2006.

TERMS AND DEFINITIONS
“Board”
“Company”
“Directors”
“Existing Shares”
“Group”
“HK\$”
“Hong Kong”
“Listing Rules”
“Placing Agent”
“Shareholders”
“Share(s)”
“Stock Exchange”
“Top-Up Placing”

The board of directors of the 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.
director(s) of the Company
An aggregate of 584,000,000 existing Shares, of which 388,000,000 existing Shares are beneficially owned by the Vendor.
the Company and its subsidiaries
means Hong Kong dollars, the lawful currency of Hong Kong for the time being.
means the Hong Kong Special Administrative Region of the People’s Republic of China.
means the Rules Governing the Listing of Securities on the Stock Exchange.
Guotai Junan Securities (Hong Kong) Limited, a deemed licensed corporation to carry out type 1 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
holder(s) of the Share(s)
ordinary share(s) of HK\$0.10 in the share capital of the Company
means The Stock Exchange of Hong Kong Limited.
the placing of 116,800,000 existing Shares beneficially owned by the Vendor pursuant to the terms of Top-Up Placing Agreement
means the placing agreement among the Vendor, the Placing Agent and the Company dated 19 September, 2006 in relation to the Top-Up Placing
means HK\$0.55 per Share
means an aggregate of 116,800,000 existing Shares beneficially owned by the Vendor and to be placed pursuant to the Top-Up Placing Agreement
means the subscription of 116,800,000 new Shares pursuant to the terms of Top-Up Subscription Agreement
means the subscription agreement between the Vendor and the Company dated 19 September 2006 in relation to the Top-Up Subscription
means HK\$0.55 per Share
means a total of 116,800,000 new Shares to be subscribed for by the Vendor pursuant to the Top-Up Subscription Agreement
means Absolute Target Limited, a company incorporated in British Virgin Islands, the registered office of which is at the Offices of Offshore Incorporations Limited, P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, the British Virgin Islands and the entire issued share capital of which is beneficially owned as to 46.25%, 42.50% and 11.25% by Messrs Wong Yin Sen, Hon Lik and Wong Hei Lin, respectively.
means per cent.

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. Cheung Kwan Hung, Anthony and Mr. Ding Xun.

By Order of the Board
Golden Dragon Group (Holdings) Limited
Wong Yin Sen
Chairman
Hong Kong, 20 September 2006