



INDEPENDENT REVIEW REPORT

TO THE BOARD OF DIRECTORS OF GOLDEN DRAGON GROUP (HOLDINGS) LIMITED
金龍集團(控股)有限公司
(incorporated in the Cayman Islands with limited liability)

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 2 to 13.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards No. 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Institute of Certified Public Accountants. A review consists principally of making enquiries of management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 30 June 2004.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
22 September 2004

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2004

	NOTES	Six months ended	
		30.6.2004 HK\$'000 (unaudited)	30.6.2003 HK\$'000 (unaudited)
Turnover		62,342	49,214
Cost of goods sold		(23,698)	(17,989)
Gross profit		38,644	31,225
Other operating income		134	613
Distribution costs		(19,653)	(17,681)
Administrative expenses		(10,706)	(8,566)
Profit from operations	5	8,419	5,591
Finance charges		(3,285)	(3,212)
Profit before taxation		5,134	2,379
Taxation	6	(1,529)	(847)
Profit before minority interests		3,605	1,532
Minority interests		(56)	(449)
Net profit for the period		3,549	1,083
Dividend	7	—	—
Basic earnings per share	8	HK0.61 cents	HK0.19 cents

CONDENSED CONSOLIDATED BALANCE SHEET

AT 30 JUNE 2004

	NOTES	30.6.2004 HK\$'000 (unaudited)	31.12.2003 HK\$'000 (audited)
Non-current assets			
Property, plant and equipment		34,551	36,116
Investment securities		1,000	1,000
Intangible assets		2,343	3,076
Deposits paid		1,981	1,981
		39,875	42,173
Current assets			
Inventories		109,306	108,065
Trade receivables	9	153,026	159,431
Deposits and other receivables		32,600	44,730
Amount due from a fellow subsidiary	10	3,494	–
Taxation recoverable		–	41
Pledged bank deposits		13,033	20,626
Bank balances and cash		53,244	49,415
		364,703	382,308
Current liabilities			
Trade payables	11	12,579	42,607
Accruals and other payables		35,935	37,192
Taxation payable		1,529	–
Bank borrowings	12	86,622	81,189
Obligations under a finance lease			
– due within one year		190	190
		136,855	161,178

CONDENSED CONSOLIDATED BALANCE SHEET (CONTINUED)

AT 30 JUNE 2004

	NOTES	30.6.2004 HK\$'000 (unaudited)	31.12.2003 HK\$'000 (audited)
Net current assets		227,848	221,130
Total assets less current liabilities		267,723	263,303
Non-current liabilities			
Obligations under a finance lease			
– due after one year		253	348
Preferred shares issued by a subsidiary		32,110	31,200
Minority interests		22,934	22,878
		212,426	208,877
Capital and reserves			
Share capital		58,400	58,400
Reserves	13	154,026	150,477
		212,426	208,877

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2004

	Total equity HK\$'000 (unaudited)
At 1 January 2003	200,661
Net profit for the period	<u>1,083</u>
At 30 June 2003	201,744
Net profit for the period	<u>7,133</u>
At 31 December 2003	208,877
Net profit for the period	<u>3,549</u>
At 30 June 2004	<u><u>212,426</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

FOR THE SIX MONTHS ENDED 30 JUNE 2004

	Six months ended	
	30.6.2004 HK\$'000 (unaudited)	30.6.2003 HK\$'000 (unaudited)
Net cash used in operating activities	(9,994)	(21,550)
Net cash from investing activities	7,575	8,696
Net cash from financing activities	6,248	848
Net increase (decrease) in cash and cash equivalents	3,829	(12,006)
Cash and cash equivalents at beginning of the period	49,415	10,082
Cash and cash equivalents at end of the period	53,244	(1,924)
Analysis of the balances of cash and cash equivalents		
Bank balances and cash	53,244	17,473
Bank overdraft	—	(19,397)
	53,244	(1,924)

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2004

1. GENERAL

The Company was incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its ultimate holding company is Absolute Target Limited, a company incorporated in the British Virgin Islands.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in production and sales of a series of health care and pharmaceutical products.

2. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting".

3. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statement for the year ended 31 December 2003.

4. SEGMENTAL INFORMATION

Business segments

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

Segment information for the six months ended 30 June 2004 and 30 June 2003 about these businesses is presented below.

	Health care products		Pharmaceutical products		Total	
	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000	2004 HK\$'000	2003 HK\$'000
Segment turnover	47,793	42,086	14,549	7,128	62,342	49,214
Segment result	7,761	6,772	6,751	4,074	14,512	10,846
Other operating income					134	613
Unallocated corporate expenses					(6,227)	(5,868)
Profit from operations					8,419	5,591
Finance charges					(3,285)	(3,212)
Profit before taxation					5,134	2,379
Taxation					(1,529)	(847)
Profit before minority interests					3,605	1,532
Minority interests					(56)	(449)
Net profit for the period					3,549	1,083

4. SEGMENTAL INFORMATION (CONTINUED)

Geographical segments

The Group's operations are mainly located in the People's Republic of China (the "PRC") and accordingly, no analysis by geographical segment is presented.

5. PROFIT FROM OPERATIONS

	Six months ended	
	30.6.2004 HK\$'000	30.6.2003 HK\$'000
Profit from operations has been arrived at after charging (crediting):		
Depreciation of property, plant and equipment	1,583	1,618
Amortisation of intangible assets	733	–
Allowance for bad and doubtful debts	350	–
Interest income	(71)	(205)

6. TAXATION

	Six months ended	
	30.6.2004 HK\$'000	30.6.2003 HK\$'000
Income tax in the PRC (other than Hong Kong)	1,529	847

No Hong Kong Profits Tax is payable by the Company or its subsidiaries operating in Hong Kong since they had no assessable profit for either period.

6. TAXATION (CONTINUED)

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.

Shenyang Chenlong Longevity Ginseng Co., Ltd. ("Shenyang Chenlong"), a wholly-owned subsidiary of the Company, is entitled to a 50 per cent relief on PRC income tax at the reduced rate of 7.5 per cent for the three years ending 31 December 2004. In addition, Shenyang Chenlong is entitled to an exemption of the local income tax of 3 per cent during the five years ending 31 December 2004, followed by a 50 per cent relief for the next three years ending 31 December 2007.

No provision for deferred taxation has been recognised in the financial statements as the amount involved is insignificant.

7. DIVIDEND

No dividends were paid during the period (six months ended 30 June 2003: Nil). The directors do not recommend the payment of an interim dividend.

8. BASIC EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2004 is based on the net profit for the six months ended 30 June 2004 of approximately HK\$3,549,000 (six months ended 30 June 2003: HK\$1,083,000) and on 584,000,000 (six months ended 30 June 2003: 584,000,000) shares in issue during the six months ended 30 June 2004.

No diluted earnings per share is presented because the exercise price of the Company's potential ordinary shares was higher than the average market price for shares for the period.

9. TRADE RECEIVABLES

The credit terms granted by the Group to its customer normally range from 90 days to 270 days. At the balance sheet date, the Group's net trade receivables were current within their respective terms of credit and there were no overdue amounts.

10. AMOUNT DUE FROM A FELLOW SUBSIDIARY

The amount is unsecured, non-interest bearing and has no fixed terms of repayment.

11. TRADE PAYABLES

The aged analysis of trade payables is as follows:

	30.6.2004	31.12.2003
	HK\$'000	HK\$'000
Aged:		
Current	9,522	33,129
1 to 30 days overdue	118	293
31 to 60 days overdue	52	12
61 days to 90 days overdue	21	106
More than 90 days overdue	2,866	9,067
	12,579	42,607

12. BANK BORROWINGS

During the period, the Group obtained an unsecured new bank loan of approximately HK\$9.4 million. The loan bears interest at market rates and are repayable in instalments over a period of 6 months. The proceeds were used as working capital of the Group.

13. RESERVES

	Share premium account HK\$'000	Negative goodwill HK\$'000	Translation reserve HK\$'000	Non- distributable reserves HK\$'000	Special reserve HK\$'000	Accumulated profits HK\$'000	Total HK\$'000
At 1 January 2003	12,779	2,281	3,805	24,032	3,142	96,222	142,261
Net profit for the period	-	-	-	-	-	1,083	1,083
At 30 June 2003	12,779	2,281	3,805	24,032	3,142	97,305	143,344
Net profit for the period	-	-	-	-	-	7,133	7,133
At 31 December 2003	12,779	2,281	3,805	24,032	3,142	104,438	150,477
Net profit for the period	-	-	-	-	-	3,549	3,549
At 30 June 2004	12,779	2,281	3,805	24,032	3,142	107,987	154,026

14. CAPITAL COMMITMENTS

Capital expenditure contracted for but not provided in the financial statements in respect of acquisition of property, plant and equipment

30.6.2004
HK\$'000

31.12.2003
HK\$'000

134

134

15. OTHER COMMITMENTS

At the balance sheet date, the Group had committed under various technology transfer and cooperative agreements with independent third parties to acquire certain technologies and rights for the production of new products at an aggregate consideration of approximately HK\$3.9 million (31 December 2003: HK\$3.9 million).

MANAGEMENT REPORT, DISCUSSION AND ANALYSIS

Business Review And Market Conditions

The following is the six-month business review ended 30 June 2004 (the “period under review”) presented by the board of directors (the “Director(s)”) of the Group.

During the period under review, the Group recorded an unaudited aggregate turnover of approximately HK\$62,342,000, representing an increase of approximately 26.7 per cent when compared with approximately HK\$49,214,000 in the corresponding period in 2003. The unaudited consolidated profits attributed to shareholders was approximately HK\$3,549,000 in the period under review, representing an increase of approximately 227.7 per cent from approximately HK\$1,083,000 in the corresponding period in 2003. The Directors consider that the increase in profit was mainly attributable to the Group’s effort of improving the business operations during the period under review. Please refer to the relevant paragraphs below for details. Accordingly, earnings per share for the period under review was approximately HK 0.61 cents (corresponding period in 2003: approximately HK 0.19 cents).

Despite the Group’s overall performance for the period under review which was better than the corresponding period in 2003, the Group had faced intense competitions in the PRC’s health care products market together with the surging cost of sales including advertising and promotion costs, consequently this sector even with its modest growth was unable to generate satisfactory revenue for the Group. For the period under review, the Group achieved sales income of HK\$62,342,000, an increase of 26.7 per cent from the corresponding period in 2003. Of which, the sales income of “Baoling Longevity Ginseng”「保齡蔘」was approximately HK\$32,379,000, “American Ginseng”「西洋蔘」was approximately HK\$15,414,000 and pharmaceutical products was approximately HK\$14,549,000.

In coping with the situation mentioned above, the Group endeavored to expand the markets for other products, as a result the pharmaceuticals products, including “Azithromycin Granules”「阿奇霉素微囊细粒剂」and “Mei Nuo Ping”「美诺平」achieved satisfactory results. Meanwhile, the Group is seeking to explore the non-traditional health care products market for diversification.

NEW PRODUCT DEVELOPMENT

In the second half of 2003, the Group obtained an approval to produce “Azithromycin Granules”「阿奇霉素微囊细粒剂」, and generated the sales income of approximately HK\$2,000,000 to the Group. During the period under review, the product contributed further to the Group’s sales income of approximately HK\$2,758,000. The Directors believe that product “Azithromycin Graules”「阿奇霉素微囊细粒剂」have a potential to generate a significant increase in sales income to the Group along with a series of business promotion campaign for the product has been launched in the PRC market.

After the launch of product “Mei Nuo Ping”「美诺平」in 2002, which is good for pimples treatment and composed of pills that can be taken orally together with ointment for external use, the product achieved a sales income of approximately HK\$7,122,000 for the period under review, maintaining nearly the same level as the corresponding period in 2003. Since there is a large number of similar products existing in the PRC and the market is extremely competitive, the Group has to consciously control the cost of marketing activities while expanding its market coverage so as to enhance the cost benefits of the Group’s products.

For the period under review, “Korean Ginseng” 「高麗蔘」, a traditional health care product, contributed a sales income of approximately HK\$1,653,000. The product was not introduced in the market in the corresponding period in 2003. Likewise, there are many compatible products existing in the PRC market and competition is fierce. Therefore, the Directors expect to achieve only a moderate growth in the sales of this product.

In view of the persisting dire conditions of the health care products market, the Group decides that it is inappropriate to undertake large scale marketing promotion for the new product “Xiang Fei Jiao Nang” 「香妃膠囊」. As such, the product is treated as a reserved product and the specific timing for the market launch is under consideration.

The approval of new product “Nuclein” 「核能元」 is still being processed. A clinical test approval was granted for another new product “Luo Hong Mei Su” 「羅紅霉素」 for which further approvals are being processed.

Following the enhancement of the production technology for the product “Baoling Longevity Ginseng” 「保齡蔘」, the product’s registration reference Liao Wei Jian Zi (1996) No.0136 of which has been changed to Guo Yao Zhan Zi No. B20021010 as approved by the State Pharmaceutical Supervision and Administration Bureau of the PRC in December 2002. The product is expected to be launched in the second half of 2004.

In addition, the Group has developed the health care products by itself, such as “Zhuang Gu Fan” 「壯骨粉」 “Bing Tong Yan Wo Kou Fu Yie” 「冰糖燕窩口服液」, “Wu Ji Jing” 「烏雞精」 and “Qi Cai Zhen Zhu Ye” 「七彩珍珠液」. The product “Qi Cai Zhen Zhu Ye” 「七彩珍珠液」 was granted the approval already, while approvals of the other products are still being processed.

REGIONAL DEVELOPMENT

The sales of the health care products of the Group were basically maintained at their original markets for the period under review. As the sales of the traditional health care products market in the PRC continued to be uninspiring, the Group has not taken up any development plan to explore into other regional markets. The sales coverage of the product “Mei Nuo Ping” 「美諾平」 has been expanded from the original north-eastern part of China to eastern China. Capitalising on the Group’s original sales network, the sales cost was effectively reduced. On the other hand, the new antibiotic product “Azithromycin Granules” 「阿奇霉素微囊細粒劑」 was launched for sale in October 2003. At present, the market coverage of the product is confined to the north-eastern part of China, bringing a satisfactory turnover of approximately HK\$2,758,000 to the Group during the period under review. The Group plans to expand its market coverage to eastern China in the second half of 2004, and carry out a nationwide marketing campaign. The sales prospect of the product in the PRC market is expected to be positive.

LIQUIDITY AND FINANCIAL ANALYSIS

An amount of US\$ 4,000,000 was raised with the issue of the first stage of 4,000,000 preferred shares by a subsidiary of the Group. The second stage of financing and the project development is expected to be carried out in the second half of 2004 upon the Group obtaining of the new medicine certificate for nasal spray insulin. As at 30 June 2004, bank loans of the Group at fixed rate amounted to approximately HK\$86,622,000, representing a slight increase of 6.7 per cent when compared with the total outstanding loans as at 31 December 2003. They were short-term loans due within one year with partial in Renminbi loans. Since movements of Renminbi against other currencies, in particular Hong Kong dollar were stable, the Directors do not anticipate to face any major currency exposure,

therefore the Group has not arranged for any currency hedge. During the period under review, an amount of approximately HK\$3,285,000 was paid as aggregate interest of bank loans and preferred shares (corresponding period in 2003: HK\$3,212,000). The Group did not use any property as security for such banking facilities, nor was there the use of any financial instruments for hedging purposes.

Gearing ratio of the Group increased slightly from approximately 39.1 per cent as at 31 December 2003 to approximately 41.0 per cent as at 30 June 2004. This calculation is based on net borrowings of approximately HK\$87,065,000 (31 December 2003: HK\$81,727,000) and shareholders' fund of approximately HK\$212,426,000 (31 December 2003: HK\$208,877,000).

As at 30 June 2004, the balance of the inventories amounted to HK\$109,306,000, representing a slight increase of 1.1 per cent when compared with the corresponding period of the previous year.

CHARGE OF ASSETS

As at 30 June 2004, the Group's bank deposits of approximately HK\$13,033,000 (31 December 2003: HK\$20,626,000) were pledged to banks to secure general banking facilities granted to its subsidiaries.

CONTINGENT LIABILITIES

As at 30 June 2004, the Group did not provide any form of guarantees for any outside companies and was not liable to any material legal proceedings of which provision for contingent liabilities was required.

SHORT AND LONG TERM BUSINESS PROSPECTS AND DEVELOPMENT PLANS

Amidst the intense market competition, the Group failed to achieve better sales performance in the health care products market. In view of this, the Group committed to diversify its products. It is expected that apart from the product “Baoling Longevity Ginseng” 「保齡蔘」 which will maintain stable growth, the sales of other types of products will achieve better results. Meanwhile, the Group is also actively developing other associated health care products, aiming to explore other health care products in addition to the traditional health care products, and to enrich its product mix as well as strengthen its market share. Moreover, the Group is also involved in the production of ingredients for relevant products and raw materials to realise its diversified development strategy.

For the pharmaceutical market, leveraging on the Good Manufacturing Practice (“GMP”) accreditation which recognises the Group’s quality control on its pharmaceutical production facilities, the Group will continuously increase its products sales and market, and provide the essential equipment for the production of pharmaceutical products in order to capture more market share.

The Group will devote all its efforts, at the same time keep on looking for further valuable business opportunities and explore more rooms for development, in order to bring better return to the investors and maximise the Group’s value in the investment market.

EMPLOYEE POLICY, PERFORMANCE AND SALARY PROCEDURES

The Group employs a total of about one thousand employees in the PRC and Hong Kong (remains at the same level of the corresponding period last year).

The Group continues to improve the employee policy, and at the same time enhance the overall efficiency of the Group. The Group has formulated a reward/penalty mechanism for the staff of the production division. The employees will be rewarded or punished based on their productivity, so as to enhance the Group's operational performance.

In respect of the marketing division, the Group adopts a performance-based salary system linking the salary of the marketing officers with sales cost and income, in order to encourage the officers to excel in their sales performance.

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2004, the interests and short positions of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations, as recorded in the register required to be kept by the Company pursuant to section 352 of the Securities and Futures Ordinance (the "SFO"), or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Long positions in the ordinary shares of HK\$0.10 each in the Company

Name of director	Capacity	Number of shares held	Percentage of shareholding
Mr. Wong Yin Sen	Interest of a controlled corporation (Note 1)	438,000,000	75%
Mr. Hon Lik	Interest of a controlled corporation (Note 1)	438,000,000	75%
Mr. Wong Hei Lin	Other (Note 1)	438,000,000	75%
Ms. Cheng Kong Yin	Interest of spouse (Note 2)	438,000,000	75%
Mr. Li Kim Hung	Interest of Individual	220,000	0.04%

Notes:

- (1) Messrs. Wong Yin Sen, Hon Lik and Wong Hei Lin are beneficially interested in 46.25%, 42.50% and 11.25% respectively of the entire issued share capital of the major shareholder, Absolute Target Limited, which holds 438,000,000 shares in the Company, representing 75% of the entire issued ordinary shares of HK\$0.10 each in the Company.
- (2) As Ms. Cheng Kong Yin is the spouse of Mr. Wong Yin Sen, she is deemed to be interested in these shares owned by her spouse.

Messrs. Wong Yin Sen, Hon Lik and Wong Hei Lin are beneficially interested in 4,625 shares of US\$1.00 each, 4,250 shares of US\$1.00 each and 1,125 shares of US\$1.00 each representing 46.25%, 42.50% and 11.25% respectively of the entire issued share capital of Absolute Target Limited, an associated corporation (within the meaning of Section 352 of the SFO).

Save as disclosed above, as at 30 June 2004, none of the Directors nor their associates had any interests or short positions in any shares and underlying shares of the Company or any of its associated corporations as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTION SCHEME

In accordance with the terms of the share option scheme adopted by the Company on 30 May 2003, the Board is authorised, at its absolute discretion, to grant options to the participants, including executive directors of the Company and its subsidiaries, to subscribe for shares in the Company. Options granted may be exercised in accordance with the terms of the share option scheme at any time during the five-year period commencing on the date on which the option is accepted and expire on the last day of the five-year period.

As at the date of this report, no options have been granted to any eligible employees/participants under both the share option scheme.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period was the Company, its ultimate holding company, or any subsidiaries of its ultimate holding company a party to any arrangements to enable the Directors or their spouses or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2004, the register of substantial shareholders required to be kept by the Company pursuant to Section 336 of the SFO show that the following shareholder had notified the Company of its interests or short positions in the shares or underlying shares of the Company:

Long positions in the ordinary shares of HK\$0.10 each in the Company

Name	Number of shares beneficially held	Percentage of holding
Absolute Target Limited	438,000,000	75%

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the period under review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's securities.

CODE OF BEST PRACTICE

During the period under review, the Company has complied with the Code of Best Practice as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

AUDIT COMMITTEE

The audit committee of the Board 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 interim financial report during the period under review.

The interim financial report during the period under review has been reviewed by the audit committee of the Board and the management of the Company as well as Messrs. Deloitte Tohmatsu, the auditors of the Company, in accordance with the Statements of Auditing Standards 700 "Engagements to review interim financial reports" issued by the Hong Kong Institute of Certified Public Accountants.

MEMBERS OF THE BOARD

As at the date hereof, the members of the Board are as follows:

Executive Directors

Wong Yin Sen
Hon Lik
Wong Hei Lin
Li Kim Hung

Non-executive Director

Cheng Kong Yin

***Independent Non-executive
Directors***

Pang Hong
Mo Kwan Nin
Cheung Kwan Hung, Anthony

On behalf of the Board

Golden Dragon Group (Holdings) Limited

Wong Yin Sen

Chairman

Hong Kong, 22 September 2004