

Form 603

Corporations Act 2001
Section 671B

Notice of initial substantial shareholder

To: Company name/ Scheme **DRAGON ENERGY LTD**ACN/ ARSN **119 992 175**

1. Details of substantial holder (1)

Name **MR GANG XU**

ACN/ ARSN (if applicable)

The holder became substantial on **18/02/2009**

2. Details of voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in on the date the substantial shareholder because a substantial shareholder are as follows:

Class of securities (4)	Number of securities	Person's votes (5)	Voting Power (6)
ORDINARY FULLY PAID SHARES	13,596,207	13,596,207	9.55%

3. Details in relevant interests

The nature of, a relevant interest of the substantial holder or an associate had in the following voting securities on the date the substantial holder became a substantial holder are as follows:

Holder of relevant interest	Nature of relevant interest (7)	Class and number of securities
MR GANG XU & MRS QIONG LIU <XU & LIU FAMILY A/C>	INDIRECTLY HELD	8,010,000 ORDINARY FULLY PAID SHARES
CHEN & XING PTY LTD <SUPER FUND A/C>	INDIRECTLY HELD	5,586,207 ORDINARY FULLY PAID SHARES

4. Details of present registered holders

The persons registered as holders of the securities referred to in 3 paragraph above are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Class and number of securities
MR GANG XU & MRS QIONG LIU <XU & LIU FAMILY A/C>	MR GANG XU & MRS QIONG LIU <XU & LIU FAMILY A/C>	MR GANG XU & MRS QIONG LIU <XU & LIU FAMILY A/C>	8,010,000 ORDINARY FULLY PAID SHARES
CHEN & XING PTY LTD <SUPER FUND A/C>	CHEN & XING PTY LTD <SUPER FUND A/C>	CHEN & XING PTY LTD <SUPER FUND A/C>	5,586,207 ORDINARY FULLY PAID SHARES

5. Consideration

The persons registered as holders of the securities referred to in 3 paragraph above are as follows:

Holder of relevant interest	Date of acquisition	Consideration (9)		Class and number of securities
		Cash	Non-cash	
MR GANG XU & MRS QIONG LIU <XU & LIU FAMILY A/C>	10 SEPTEMBER 2007	\$8,000.00	-	8,010,000 ORDINARY FULLY PAID SHARES
CHEN & XING PTY LTD <SUPER FUND A/C>	10 SEPTEMBER 2007	\$5,586.21	-	5,586,207 ORDINARY FULLY PAID SHARES

6. Associates

The reasons the persons named in paragraph 3 above are associates of the substantial shareholder are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
MR GANG XU & MRS QIONG LIU <XU & LIU FAMILY A/C>	TRUSTEE AND BENEFICIARY
CHEN & XING PTY LTD <SUPER FUND A/C>	DIRECTOR AND BENEFICIARY

6. Addresses

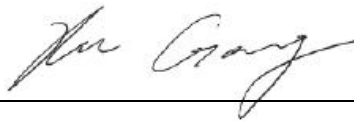
The addresses of persons named in this form are as follows:

Name	Address
MR GANG XU & MRS QIONG LIU <XU & LIU FAMILY A/C>	355 SCARBOROUGH BEACH ROAD OSBORNE PARK WA 6917
CHEN & XING PTY LTD <SUPER FUND A/C>	355 SCARBOROUGH BEACH ROAD OSBORNE PARK WA 6917

Signature

print name MR GANG XU capacity _____

sign here



date 19 FEBRUARY 2009

DIRECTIONS

- (1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 7 of the form.
- (2) See the definition of "associate" in section 9 of the Corporations Act 2001.
- (3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.
- (4) The voting shares of a company constitute one class unless divided into separate classes.
- (5) The total number of votes attached to all the voting shares in the company or voting interests in the scheme (if any) that the person or an associate has a relevant interest in.
- (6) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.
- (7) Include details of:
 - (a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and
 - (b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.
- (8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".
- (9) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included of any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.