

## Chairman's Statement



**Mr. Wong Yin Sen, Chairman**

On behalf of the Board of Directors (the "Board") of Golden Dragon Group (Holdings) Limited (the "Company"), I am pleased to present its first Annual Report for the year ended 31 December, 2001 of the Company and its subsidiaries (the "Group") since the shares of the Company was listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 9 May, 2001.

### **RESULTS FOR THE YEAR 2001**

In the year ended 31 December, 2001, the audited consolidated profit of the Group amounted to HK\$18,688,000, representing a decrease of 74.5% over last year due to unfavourable market conditions, impact of the special circumstances underlying goods returned and large expenditure on advertising and promotions in the newly developed markets.

Turnover less goods returned under special circumstance for the year 2001 was HK\$209,413,000, representing a decrease of 15.7% over HK\$248,498,000 in the year 2000.

Earning per share for the year 2001 amounted to HK\$0.0341, representing a decrease of 77.7% over HK\$0.1527 in the year 2000.

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*Outlook of Shenyang Office, the PRC*

A final dividend of HK\$0.015 per share is proposed. Interim dividend of HK\$21,500,000 in the year 2001 was distributed to the then shareholders at that time by a subsidiary of the Group before the restructuring of the Group. (No interim and final dividends distributed for the year 2000).

### PROSPECTS FOR THE YEAR 2002

Following resolution of the "trade mark dispute" in the second half of the year 2001, the Group implemented a strategy of vertical consolidation and horizontal expansions, as well as exploited

business opportunities in China. As a result, the Group will be able to steadily maintain growth and expand its business. Looking ahead, the management considers that the strategic decisions of the Group will bring improvements to its results and be conducive to its sustained development.

### ADDING VALUE FOR CUSTOMERS AND SHAREHOLDERS

In the past ten years, the Group built up a solid large-scale production mode with success, making the Group one of the major health care product manufacturers in the People's Republic of China ("PRC"). To ensure that the growth momentum of the Group in the new century will sustain and improve, the Company strives to achieve the best. In the past twelve months, the Company continued to adopt its stable and long term growth strategy to explore and develop business opportunities in China and overseas.

### BUSINESS OPPORTUNITIES IN CHINA

In view of China's accession to the World Trade Organization and successful bidding for hosting the 2008 Olympics Games, its consumer market will improve and prosper. With our professional knowledge and marketing network of pharmaceutical and health care products, the Company is ready to capitalize on the favourable situation by taking a well-prepared position in the transformation towards the new economy.

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During the year, the Group had increased the retail outlets and expanded distribution networks for its products in Beijing, Chengdu, Chongqing and Wuhan, the PRC.

### RESEARCH AND DEVELOPMENT

To meet the needs of our customers, the Group focuses on research and development of technology and the most updated technology for developing markets in which best quality products will be provided to consumers. In 2001, the Group deployed enormous resources on research and development as well as making investments in upgrading production plants.

### FINAL DIVIDEND

The Board recommends a final dividend of HK\$0.015 per share for the year ended 31 December, 2001 to be paid to those shareholders whose names appear on the register of members of the Company at the close of business on 31 May, 2002. Upon obtaining approval at the forthcoming Annual General Meeting of the Company, the above mentioned dividend, being the first dividend to be distributed following the listing of the Company, will be paid to shareholders on or before 18 June 2002.

### ACKNOWLEDGMENTS

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our customers, suppliers and shareholders for their support. Moreover, we deeply appreciate the valuable contributions from the Board and every strenuous effort and dedication of our staff.

By Order of the Board

**Wong Yin Sen**

*Chairman*

Hong Kong, 23 April, 2002



*Year 2001 new improved factory*