

Chairman's Statement



Mr. Wong Yin Sen,
Chairman

On behalf of the board of directors (the "Director(s)") of Golden Dragon Group (Holdings) Limited (the "Company") (the "Board"), I am pleased to present this Annual Report for the year ended 31 December 2005 (the "Year") of the Company and its subsidiaries (the "Group").

RESULTS FOR THE YEAR 2005

For the year ended 31 December 2005, the audited consolidated profit attributable to shareholders of the Company amounted to HK\$8,980,000, representing an increase of approximately 8.17% over HK\$8,302,000 for the year 2004. On this basis, the earnings per share of the Group for this year was approximately HK1.54 cents (corresponding period in 2004: approximately HK 1.42 cents).

For the year ended 31 December 2005, the Group achieved sales income of HK\$176,763,000, a marginal increase of 2.12% from the turnover of HK\$173,089,000 for the corresponding period in 2004. Of which, the sales income of health care products, pharmaceuticals products and electronic cigarette components was HK\$100,583,000, HK\$30,088,000 and HK\$46,092,000 respectively.

PROSPECTS FOR THE YEAR 2006

As the sales generated from health care products have been decreasing, the Group plans to increase sales channels in 2006 which include the use of direct sales of health care products on TV and the introduction of franchised chain stores to stimulate the sales of health care products, as well as redesigning, and offering of new packings of health care products in different sizes to cope with the needs of different consumer groups.

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Currently, the concentration of production in the same type of health care products which require only low level of technology has created an immense barrier for the development of the health care products industry. Thus, the Group is seeking to explore the market of nontraditional health care products for diversification, and hopes that this will enhance our business performance and strengthen the market potential of the Group's products.

DIVIDENDS

No interim dividend was declared for the year. The Board does not recommend the payment of any final dividend for the year ended 31 December 2005 (2004: nil).

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my sincere gratitude to our customers, suppliers and shareholders. Furthermore, my deep appreciation and thankfulness goes to all members of our staff, in particular to my fellow directors and the management for their continuous support to the Group's development during the year.

The Group will continue to consolidate and enhance its competitiveness, set out the target for the coming year, endeavor to move forward and to grasp further business opportunities for better returns to the shareholders. I am confident that with the Group's efforts made in the past, its unique background and strengths, and broad product's recognition will bring greater returns for our investors in the years ahead.

On behalf of the Board

Wong Yin Sen

Chairman

Hong Kong, 19 April 2006