

CHAIRMAN'S STATEMENT

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 2006 (the "Year") of the Company and its subsidiaries (the "Group").

RESULTS FOR THE YEAR 2006

For the Year, the audited consolidated profit attributable to shareholders of the Company amounted to HK\$5,366,000, representing a decrease of approximately 40.24% from the corresponding period in 2005. On this basis, the earnings per share of the Group for this year was approximately HK0.87 cents (corresponding period in 2005: approximately HK1.54 cents).

For the Year, the Group achieved sales income of HK\$219,473,000, representing an increase of 24.16% from the turnover of HK\$176,763,000 for the corresponding period in 2005. Of which, the sales income of health care products, pharmaceuticals products and electronic cigarette components was HK\$83,690,000, HK\$33,063,000 and HK\$102,720,000 respectively.

PROSPECTS FOR THE YEAR 2007

To resume the growth track of the sales of its health care products, the Group has not only improved its products packing and increased the product mix, but also made use of direct sales channels on TV in Guangdong and Henan during the fourth quarter of 2006. In view of the delightful results achieved, the Group will expand the scale and geographical reach of tele-sales. We believe that with the above measures, the sales of health care products will resume its growth in 2007.

The Group has completed the development of certain products in 21 provinces and cities and this laid a strong foundation for its pharmaceutical products. Three products are expected to be launched in 2007 and which will enhance the stable development of the Group.

In addition, as disclosed in the announcements of the Company dated 19 March 2007 and 3 April 2007, the Group is planning to acquire the entire shareholding of Best Partners Worldwide Limited (currently known as "SBT Investment (Holdings) Limited") ("Best Partners"), which engages in the manufacturing and sales of Electronic Cigarettes Components. Best Partners takes an active position in developing the domestic and overseas markets under the brand name of "Ruyan" (如烟). Such plan represents an enormous development potential of the business of electronic cigarettes. Upon completion of the acquisition plan, it will greatly expand the scope of business and enhance the long term development of the Group.

DIVIDENDS

No interim dividend was declared for the Year. The Board does not recommend the payment of any final dividend for the Year (2005: nil).

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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 effort 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, 24 April 2007