CHAIRMAN'S STATEMENT

主席報告

DEAR SHAREHOLDERS,

On behalf of the board of the Directors (the "Board") of Dawnrays Pharmaceutical (Holdings) Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), I am glad to present the results of the Group for the year ended 31 December 2005.

RESULTS

The Group has recorded the revenue of approximately RMB734,002,000 (2004: RMB584,758,000) for the year ended 31 December 2005, which was increased by 25.5% from the revenue of 2004. Net profit attributable to equity holders was approximately RMB105,646,000 (2004: RMB76,451,000), which was increased by 38.2% from the profit of 2004. The significant growth in revenue and profit were mainly attributable to the expansion of capacity, growth of sales, as well as the decrease of cost and expenses in conducting the business.

FINAL DIVIDEND

The Board has declared a final dividend of HK$0.035 per share for the year ended 31 December 2005, amounting to the total sum of HK$27,999,020 (approximately equivalent to RMB29,127,000).

Considering the interim dividend of HK$0.015 per share, the total annual dividend distribution for the year ended 31 December 2005 is HK$0.050 per share, equivalent to the dividend payout of approximately 40%.

BUSINESS OUTLOOK

1. Cephalosporin

The Group is engaged in the development, manufacturing, sales and marketing of non-patented chemical drugs in the PRC covering various drug formulations including cephalosporin bulk medicine and powder for injection. The Group is one of the few third generation cephalosporin manufacturers in the PRC which adopted the comprehensive vertically-integrated-production-process. The Group launched the fourth generation cephalosporin bulk medicine and powder for injection in 2005. The Group's solvent-crystallization technique for producing Cefoperazone has become the competitive technology in the PRC. During the year 2005, the Group's projects of production capacity expansion were basically completed and the sales of Cephalosporin were geared up substantially.

致各股東

本人欣然代表東瑞製藥(控股)有限公司(「本公司」)之董事會(「董事會」)提呈本公司及其附屬公司(統稱「本集團」)截至二零零五年十二月三十一日止年度之業績報告。

業績

本集團截至二零零五年十二月三十一日止錄得營業額約人民幣734,002,000元(二零零四年:人民幣584,758,000元),比二零零四年增長25.5%。權益持有人應佔純利約人民幣105,646,000元(二零零四年:人民幣76,451,000元),比二零零四年增加約38.2%。利潤增長幅度較大,主要受益於集團產能、銷售的擴大和成本、費用的良好控制。

末期派息

董事會決議宣派截至二零零五年十二月三十一日止年度末期股息為每股港幣0.035元,合共港幣27,999,020元(相當於人民幣29,127,000元)。

連同中期股息每股港幣0.015元計算,本年度全年共派息每股港幣0.050元,派息比例約40%。

業務展望

一、頭孢菌素

本集團主要在中國從事開發、生產及銷售非專利化學藥物,包括原料藥和粉針的頭孢菌素用藥,是國內少數實現全面垂直整合生產第3代頭孢菌素的廠商之一,並在二零零五年推出第4代頭孢菌素抗生素原料藥和粉針劑。目前的頭孢哌酮溶媒結晶技術在國內具有競爭力。在二零零五年,本集團產能擴充基本完成,銷售顯著增加。

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2. Generic Drugs (System Specific Medicine)

In 2005, the sales of our cardiovascular system medicine, "AN NEI ZHEN", boosted significantly. The drug has already occupied a leading market position in the PRC.

二、仿製藥(專科用藥)

在二零零五年，本公司的心血管系統的專科用藥「安內真」銷售大幅增長，進入中國市場領導地位。

3. Export Sales

The Group's export sales achieved RMB39,505,900, significantly grew by 87.4% as compared with the corresponding period of last year. The export sales occupied over 5% of the Group's overall sales for the year 2005.

三、出口銷售

本集團的出口銷售在二零零五年達到人民幣39,505,900元，比二零零四年增長87.4%，超過本集團全年銷售的5%。

4. Development Strategies

Soon after the Group was listed on the Main Board of The Stock Exchange of Hong Kong Limited, it has carefully designed its development strategies to extricate itself from the unfavorable and restrictive conditions arising from the national pharmaceutical public policies in the PRC and to optimize its products portfolio. The Group also takes part profoundly in the marketplace of the system specific generic drug market and overseas market by recruiting talented people, enhancing R&D and marketing efforts. The gross profit contribution of our products in 2005 and 2004 are shown as follows:–

四、發展戰略

本集團於香港聯合交易所有限公司主板上市以來，以突破製藥行業政策制約因素、不斷優化產品結構、進入專科用藥市場和海外市場為發展戰略，吸引人才，加大研發、市場投資力度。2005及2004年度的產品毛利貢獻比例如下：

Product 產品	Gross Profit (RMB'000) 毛利額(人民幣千元)		Gross Profit Contribution (%) 毛利貢獻比例(%)	
	2005 二零零五年	2004 二零零四年	**2005 二零零五年**	2004 二零零四年
Bulk Medicine 原料藥	**82,084**	63,690	**38.1%**	33.1%
Powder for Injection 粉針劑	**84,389**	91,023	**39.2%**	47.2%
System Specific Medicine 專科用藥	**48,760**	37,964	**22.7%**	19.7%
Total 合共	**215,233**	192,677	**100%**	100%

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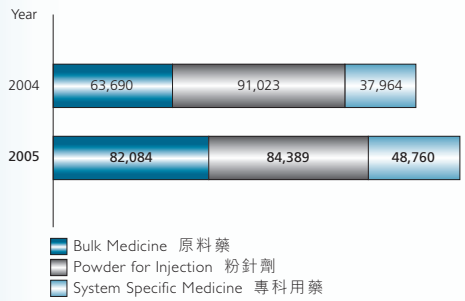
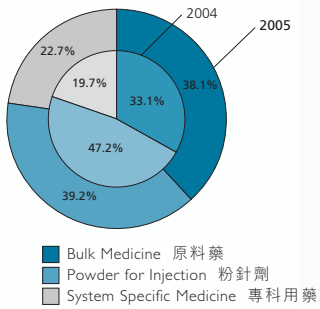
Gross Profit (RMB'000)
毛利額(人民幣'000)



Gross Profit Contribution (%)
毛利貢獻比例(%)



On 10 October 2005, the National Development and Reform Commission of the PRC executed the State administration order of retail price-cut on antibiotics in powder for injection form. The bulk medicine and system specific medicine were not given any direct adverse impact by the mandatory price-cut order. The above gross profit contribution percentages in 2005 indicate that the structure of the Group's products was robust and healthy to resist the risks arising from policies changes.

於二零零五年十月十日，中國國家發展改革委員會的降價指令降低抗生素粉針劑的售價。原料藥和專科用藥售價均不直接受政策影響。上列的毛利貢獻比例顯示本集團的產品結構趨於更加穩健，對抗政策風險的能力不斷提升。

CORPORATE GOVERNANCE

The Board has established the Audit Committee, Remuneration Committee, and Nomination Committee, in order to enhance the capabilities of corporate governance of the Group, so as to upgrade the flexibility of the management platform and scientific direction of the business operation. An effective internal control mechanism in our financial management system was also established, so as to maintain sustainable and healthy development of the Group, as well as solidify the foundation for capital operation in future.

公司管治

董事會建立審核委員會、薪酬委員會和提名委員會，積極加強本集團的企業管治能力，提高經營平臺的靈活性和科學性，建立有效的資金管理內控機制，使企業可持續性健康穩定發展，也為下一步本集團資本運作打下基礎。

A CORPORATE WITH TALENTS, JOIN HANDS TO CREATE FUTURE

Soon after the Group was listed on the Main Board of the Stock Exchange of Hong Kong Limited, in order to meet the needs for the rapid development in achieving systematization, professionalization and internationalization, the Group has been increasing its pace in developing and recruiting talents and expertise. During the years 2004 and 2005, the share options to subscribe for about 3.3% of the Company issued capital were granted to the management. The Group

企業人才、共創未來

本集團於香港聯合交易所有限公司主板上市後，為適應企業規範化、專業化、國際化發展的需要，本集團加速培養及招募人才，二零零四年及二零零五年已向高管層授予認股權證超過本集團已發行股本的3.3%。優秀領導團隊和分佈中國各地的員工，一向是本集團的最重要無

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has always treated its elite management team as well as its staff nationwide as the most valuable intangible assets, which have been the greatest driving force for the future development of the Group. I would like to take this opportunity to express my deepest gratitude to the members of the Board, and to the staff of the Group's subsidiaries and various departments who have been working with us dedicatedly for the last year.

形資產，更是推動集團發展的最大動力。我借此機會，對董事會同仁和本集團各公司、各部門年內努力工作、敬業服務的員工深表謝意。

Li Kei Ling
Chairman
Hong Kong, 28th, March 2006

主席
李其玲
香港，二零零六年三月二十八日