



東瑞製藥(控股)有限公司

DAWNRAYS PHARMACEUTICAL (HOLDINGS) LIMITED

(Incorporated in the Cayman Islands with limited liability)

(在開曼群島註冊成立的有限公司)

(股份編號 Stock Code:2348)

致力於人類的健康

*Devoted to the Health
of Human Beings*

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EXECUTIVE DIRECTORS

LI Kei Ling
HUNG Yung Lai
LI Tung Ming
XU Kehan

NON-EXECUTIVE DIRECTOR

LEUNG Hong Man

INDEPENDENT NON-EXECUTIVE DIRECTORS

PAN Xue Tian
LEE Cheuk Yin Dannis
CHOI Tat Ying Jacky

AUDIT COMMITTEE

LEE Cheuk Yin Dannis (Chairman)
PAN Xue Tian
CHOI Tat Ying Jacky

REMUNERATION COMMITTEE

LI Kei Ling (Chairman)
PAN Xue Tian
LEE Cheuk Yin Dannis
CHOI Tat Ying Jacky

NOMINATION COMMITTEE

LI Kei Ling (Chairman)
PAN Xue Tian
LEE Cheuk Yin Dannis
CHOI Tat Ying Jacky

COMPANY SECRETARY

PANG Kit Ling

QUALIFIED ACCOUNTANT

KWONG Chak Lam

AUDITORS

Ernst & Young
Certified Public Accountants, Hong Kong

執行董事

李其玲
熊融禮
李東明
許克寒

非執行董事

梁康民

獨立非執行董事

潘學田
李卓然
蔡達英

審核委員會

李卓然(主席)
潘學田
蔡達英

薪酬委員會

李其玲(主席)
潘學田
李卓然
蔡達英

提名委員會

李其玲(主席)
潘學田
李卓然
蔡達英

公司秘書

彭潔玲

合資格會計師

鄭澤霖

核數師

安永會計師事務所
執業會計師，香港

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
 Standard Chartered Bank (Hong Kong) Limited
 Industrial and Commercial Bank of China Suzhou Wuzhong Sub-Branch
 Agricultural Bank of China Suzhou Nanmen Sub-Branch

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Suites 3212-13, Shell Tower, Times Square
 1 Matheson Street
 Causeway Bay
 Hong Kong

REGISTERED OFFICE

Century Yard
 Cricket Square
 Hutchins Drive
 P.O. Box 2681 GT
 George Town, Grand Cayman
 British West Indies

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

The Bank of Bermuda (Cayman) Limited
 P.O.Box 513 GT
 Strathvale House
 North Church Street, George Town
 Grand Cayman, Cayman Islands
 British West Indies

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Abacus Share Registrars Limited
 26/F., Tesbury Centre
 28 Queen's Road East
 Hong Kong

STOCK CODE

2348

SHAREHOLDER'S CALENDAR

Closure of Register of Members
 Wednesday, 20 September 2006 to Friday, 22 September 2006
 (both days inclusive)

Interim Dividend, payable
 HK\$0.015 per share, payable on or about 27 September 2006.

主要往來銀行

中國銀行(香港)有限公司
 渣打銀行(香港)有限公司
 中國工商銀行蘇州市吳中支行
 中國農業銀行蘇州市南門支行

總辦事處及主要營業地點

香港
 銅鑼灣
 勿地臣街一號時代廣場
 蜆殼大廈3212-13室

註冊辦事處

Century Yard
 Cricket Square
 Hutchins Drive
 P.O. Box 2681 GT
 George Town, Grand Cayman
 British West Indies

主要股份過戶登記處

The Bank of Bermuda (Cayman) Limited
 P.O.Box 513 GT
 Strathvale House
 North Church Street, George Town
 Grand Cayman, Cayman Islands
 British West Indies

香港股份過戶登記分處

雅柏勤證券登記有限公司
 香港
 皇后大道東28號
 金鐘匯中心26樓

股份代號

2348

股東時間表

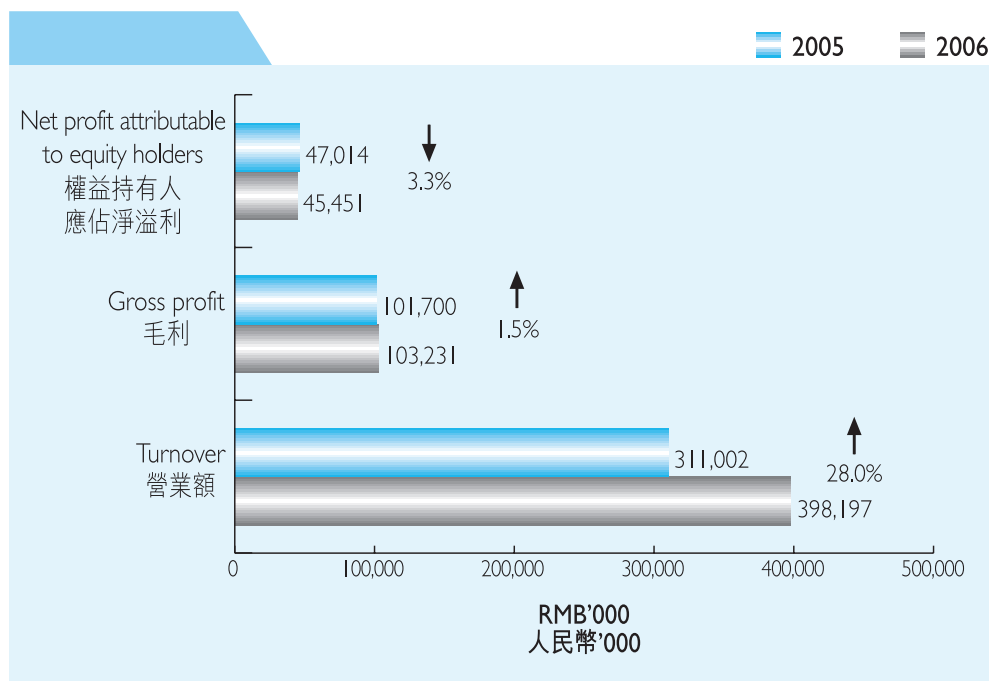
截止過戶日期
 二零零六年九月二十日(星期三)至二零零六年
 九月二十二日(星期五)(首尾兩天包括在內)

中期股息(待派發)
 每股港幣0.015元, 約於二零零六年九月二十七
 日派發

The board (the "Board") of directors (the "Directors") of Dawnrays Pharmaceutical (Holdings) Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2006 (the "period"). These interim results have been reviewed by the audit committee of the Company.

東瑞製葯(控股)有限公司(「本公司」)之董事(「董事」)會(「董事會」)謹此提呈本公司及其附屬公司(統稱「本集團」)截至二零零六年六月三十日止六個月(「本期間」)之未經審核合併業績。此等業績已經由本公司的審核委員會審閱。

For the six months ended 30 June 截至六月三十日止六個月	2006 二零零六年 RMB'000 人民幣千元	2005 二零零五年 RMB'000 人民幣千元	Change 變幅 %
Unaudited 未經審核			
Turnover 營業額	398,197	311,002	28.0
Gross profit 毛利	103,231	101,700	1.5
Profit before tax 除稅前溢利	48,207	49,301	(2.2)
Net profit attributable to equity holders 權益持有人應佔淨溢利	45,451	47,014	(3.3)
Earnings per share-basic (RMB) 每股盈利—基本(人民幣)	0.0568	0.0588	(3.4)
Interim dividend per share (HK\$) 每股中期股息(港幣)	0.015	0.015	—



For the six months ended 30 June
截至六月三十日止六個月

BUSINESS HIGHLIGHTS

The Group's turnover of bulk medicines increased by 60.4% and powder for injections decreased by 9.3% in the first six months of 2006 compared with the corresponding period of previous year. However, with the impact of the public policy arising from the mandatory order of reducing the retail price of antibiotics by the National Development and Reform Commission of PRC during the second half of 2005, gross profit margin for antibiotic products of the Group further decreased in the first half of 2006.

The raw material of the Group's cephalosporin antibiotic products is 7-ACA. According to the relevant market information, it is estimated that the supply of 7-ACA is in excess of the demand in China for 2006. Owing to the over supply, the price of 7-ACA has dropped significantly in the first half of 2006. Thus, the Group has neither entered into the development of the 7-ACA production plant, nor developed any strategy and business plans to enter into the 7-ACA industry. One advantage is that the Group will not bear any negative impact of the reduced margin arising from the over production of 7-ACA. Another advantage is that the Group is in a highly flexible position and can purchase 7-ACA from various Chinese suppliers as well as from the overseas suppliers at a favourable price. Nevertheless, the underlying changes in market conditions have intensified competition of similar products and resulting in the relative price drop.

As a result, the Group has adopted a business model for its cephalosporin antibiotic products with enhanced production efficiency and stringent production cost-control.

The generic drugs (system specific medicines) have sustained a steady gross profit margin with an upward trend. Turnover of the generic drugs (system specific medicines) has increased by 64.9% for the first six months of 2006 compared with the corresponding period of previous year.

Overseas sales of the Group which accounted for about 6.7% of the total turnover have also increased by 62.8% for the first six months of 2006 compared with the corresponding period of previous year.

The net cash inflow from operating activities of the Group has increased by 73.0% for the first six months of 2006 compared with the corresponding period of previous year.

業務概要

本集團二零零六年上半年原料藥的營業額比去年同期增加超過60.4%，粉針劑的營業額則減少9.3%。然而，在中國國家發展改革委員會二零零五年下半年再次強制下調抗生素零售價格的政策影響下，本集團的抗生素類產品於二零零六年上半年的毛利率進一步減少。

本集團頭孢類抗生素產品的原材料是7-ACA。根據相關市場訊息，二零零六年中國國內7-ACA出現供過於求的現象。由於國內產能過剩，二零零六年上半年7-ACA的價格顯著下降，所以本集團並沒有進入7-ACA產業鏈的戰略安排。這樣的優勢是本公司不會受到7-ACA本身由於產量過剩帶來毛利下降的負面影響；並且我們能非常靈活及可以優惠價格向中國國內的供應商以及國外的供應商採購7-ACA。但由於市場的變化，增強了同類產品的競爭，所以造成了價格的下跌。

在此壓力下，本集團對現有的頭孢類抗生素品種採取提高生產效率和嚴格控制生產成本的經營模式。

仿製藥（專科用藥）類產品的毛利率穩定，並且不斷上升。二零零六年上半年仿製藥（專科用藥）的營業額比去年同期增加64.9%。

本集團二零零六年上半年的出口銷售佔總營業額約6.7%，較去年同期增長62.8%。

本集團二零零六年上半年的經營業務的現金流入淨額比去年同期增加73.0%。

Meanwhile, the Group is in process of conducting prudent analysis on the current business conditions and a study on the newly emerged market environment in order to identify and ascertain the new direction of the Group's investment and business development. This includes business models in reinforcing the expansion of overseas markets and exploring ideas in running traditional Chinese medicines (TCM).

The national power of China has surged progressively. The medical expenditures of the Chinese citizens, including those from the big cities and rural areas are increasing. In the long term, the China's pharmaceutical market will definitely become a huge and great potential market comparing with other pharmaceutical markets in the world. To grasp this great opportunity, the Group devotes itself to establishing highly-disciplined and effective corporate governance, attracting talents, striving to formulate a development strategy based on the actual measures of the Group to assure its sustainable and healthy development.

PROSPECTS

The Group continues its sustained development scope with a focus on antibiotic, cardiovascular system and diabetic products.

The Group has formulated a series of sophisticated marketing strategies for the second half of 2006, including further reinforcement of sales and marketing drive in rural areas and small towns, expanding the sales channels of generic drugs (system specific medicines) in community's hospitals, etc.

In the second half of 2006, the Group will formulate a set of strategic plans on new investment projects with high growth potential, such as analyzing opportunities for overseas markets and exploring TCM platforms, etc. We strive to create value for all the shareholders of the Company, by building new business platforms, extending product portfolios, and sustaining the competitive edge of the Company.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK\$0.015 per share for the year ended 31 December 2006, amounting to a total sum of approximately HK\$11,987,000 (equivalent to approximately RMB12,400,000).

Li Kei Ling

Chairman

Hong Kong, 22 August 2006

同時，本集團正審慎分析企業實際情況，研究新涌現的市場環境，確定新的投資及業務發展方向。這包括加強海外市場開拓、以及探討中藥板塊的經營思路。

中國的綜合國力不斷提高，中國人民，包括城市和農村，人均醫療開支不斷上升。長遠來看，中國醫藥市場，與世界上其他國家的醫藥市場相比，一定是一個最具有巨大增長潛力的市場。正基於此，本集團全體同仁致力於嚴格、有效的企業管治，吸引人材，努力設計符合本集團實際情況的發展戰略，並保證本集團的可持續性健康發展。

展望

本集團延續以抗生素、心血管系統及糖尿病用藥為重點發展領域。

本集團已經周密部署二零零六年下半年相關市場策略，包括增強農村和小城鎮的市場營銷力度、加大仿製藥（專科用藥）在社區醫院的銷售管道建設等等。

在二零零六年下半年，本集團將製定戰略方案，分析海外市場和中藥平台等新的產業增長點的投資項目。我們要通過建立新的經營平台，擴充產品的經營類別，增強本公司核心競爭優勢，努力為各位股東持續創造價值。

中期股息

董事會決議宣派截至二零零六年十二月三十一日止年度中期股息每股港幣0.015元，合共約港幣11,987,000元（約相當於人民幣12,400,000元）。

主席

李其玲

香港，二零零六年八月二十二日

BUSINESS REVIEW

1. Production & Sales Operation

In the first half of 2006, each of the Group's products recorded a growth in terms of production and sales volume over the corresponding period of 2005. During the first half of 2006, 361.9 tones of bulk medicines were produced, which increased by 65.3% over the corresponding period of previous year, and sales volume of bulk medicines achieved 247.2 tones, which increased by 101.8% over the corresponding period of previous year. A total of 80,304,000 vials of cephalosporin powder for injections were produced, which increased by 3.5% over the corresponding period of previous year, and sales volume of cephalosporin powder for injections achieved 81,235,000 vials, which increased by 8.1% over the corresponding period of previous year. A total of 8,235,000 boxes of generic drugs (system specific medicines) were produced, which increased by 60.9% over the corresponding period of previous year. Sales volume of generic drugs (system specific medicines) achieved 8,427,000 boxes, which increased by 67.3% over the corresponding period of previous year.

2. Development of New Products

In the first half of 2006, the Group obtained 21 production permits for 14 species of products from the State Food and Drug Administration (SFDA) of the PRC. There were 9 certificates of new pharmaceutical products granted for anti-allergic bulk medicine "Levocetirizine Dihydrochloride", anti-allergic drug "Levocetirizine Dihydrochloride Tablets", anti-infective bulk medicine "Cefepime Dihydrochloride", anti-infective powder for injection "Cefepime Dihydrochloride for Injection" (totally in 3 strengths), endocrine system specific medicine "Metformin Hydrochloride Sustained-release Tablets", cardiovascular system specific medicine "Telmisartan" and digestive system specific medicine "Famotidine, Calcium Carbonate and Magnesium Hydroxide Chewable Tablets". The Group also received 2 clinical trials permits and completed 15 pre-clinical-trial research projects. Study of production technique and quality research and/or clinical research of 22 projects were completed and have been submitted for registration. The Group has completed pilot-production assessments for 4 cephalosporin products.

業務回顧

1、生產銷售情況

本集團截至二零零六年六月三十日止各產品的產量及銷量均較二零零五年同期增長。上半年生產原料藥361.9噸，較上年同期增長65.3%，銷售原料藥247.2噸，較上年同期增長101.8%；生產粉針劑80,304,000瓶，較上年同期增長3.5%，銷售粉針劑81,235,000瓶，較上年同期增長8.1%；生產仿製藥（專科用藥）8,235,000盒，較上年同期增長60.9%，銷售仿製藥（專科用藥）8,427,000盒，較上年同期增長67.3%。

2、新產品情況

二零零六年上半年共有14個品種獲國家食品藥品監督管理局批准生產，獲生產批件21個；獲新藥證書9個。獲新藥證書的品種分別為抗過敏原料藥「鹽酸左西替利嗪」、抗過敏藥「鹽酸左西替利嗪片」、抗感染原料藥「鹽酸頭孢吡肟」、抗感染粉針劑「注射用鹽酸頭孢吡肟」（共三個規格）、內分泌系統專科用藥「鹽酸二甲雙胍緩釋片」、心血管系統專科用藥「替米沙坦」及消化系統專科用藥「法莫替丁鈣鎂咀嚼片」；獲臨床批件2個；完成臨床前研究專案15個；完成工藝、質量研究和／或臨床研究並註冊申報的項目有22個；完成了4個頭孢類品種的中試。

FINANCIAL REVIEW

SALES AND GROSS PROFIT

During the six months ended 30 June 2006, the Group has recorded the total turnover of approximately RMB398,197,000, representing an increase of 28.0% as compared with the corresponding period of previous year. The main reason for the significant rise in turnover is the approximate increase of 60.0% in the turnover of bulk medicines, equivalent to an increase of RMB81,589,000 compared with the corresponding period of previous year. The growth was mainly due to the new bulk medicine workshop which completed and commenced production in June 2005, resulting in an expansion of production capacity.

Gross profit was approximately RMB103,231,000, equivalent to an increase of 1.5% compared with the corresponding period of previous year. Gross profit margin was 25.9%, representing a decline of 6.8% as compared with 32.7% in the corresponding period of previous year. The main reasons for the decrease in gross profit margin are as follows: firstly, the fierce competition was further aggravated by the homogeneity of products; secondly, in response to the national public policy of the retail-drug-price cutting, the Group has taken the initiative in lowering the sales unit price of cephalosporin powder for injections to increase its market share. Sales volume of powder for injections increased by 8.1% as compared with corresponding period of previous year, whereas the average sales unit price and average sales unit cost decreased by 16.0% and 1.5% respectively, resulting in an overall decline of RMB20,542,000 of the gross profit contributed from powder for injections compared with corresponding period of previous year.

財務回顧

銷售及毛利

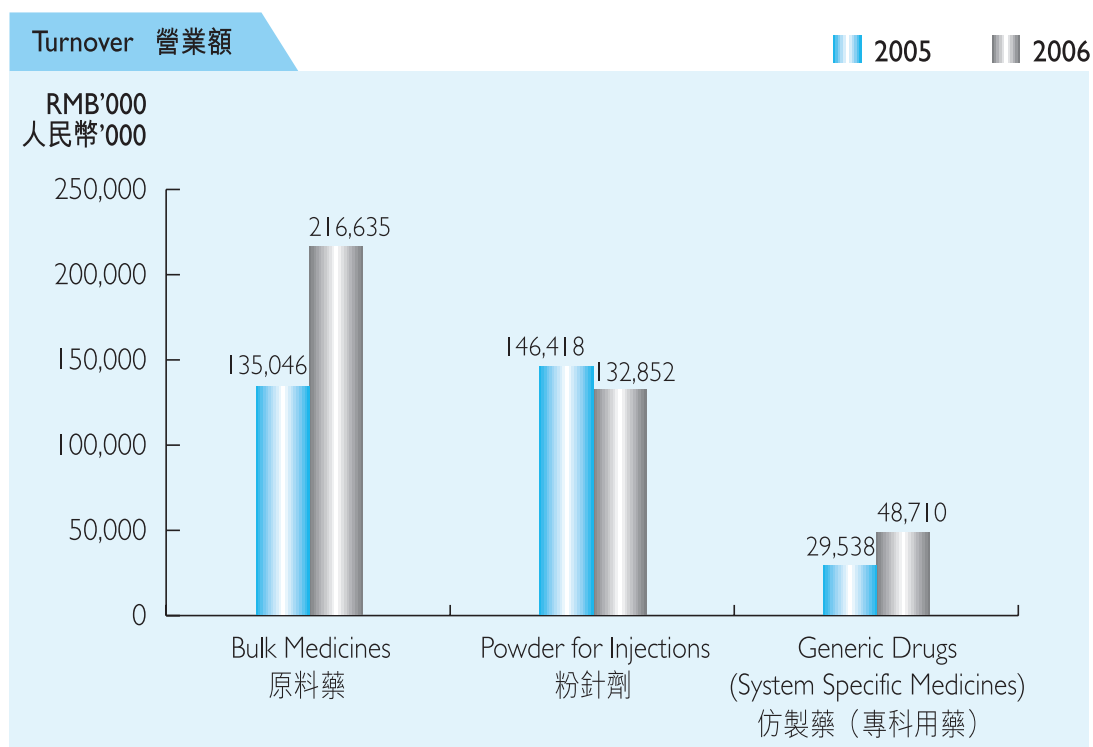
截至二零零六年六月三十日止六個月期間，本集團營業額約人民幣398,197,000元，比去年同期增長28.0%，主要是原料藥營業額較去年同期增長人民幣81,589,000元，增幅約60.0%。此增長主要受益於新原料藥車間於二零零五年六月份的正式投產，產能放大。

毛利額約人民幣103,231,000元，比去年同期增長1.5%。毛利率為25.9%，較去年同期的32.7%降低了6.8%。毛利率下跌的主要原因如下：一是由於產品同質化競爭的加劇；二是為了配合國家下調零售價格的政策，本集團主動降低粉針劑的銷售單價以佔領更多的市場份額。粉針劑的銷售數量較去年同期增加8.1%，但平均銷售單價較去年同期下降16.0%，平均銷售成本下降1.5%，使粉針劑的毛利貢獻較去年同期下降人民幣20,542,000元。

TABLE OF TURNOVER ANALYSIS

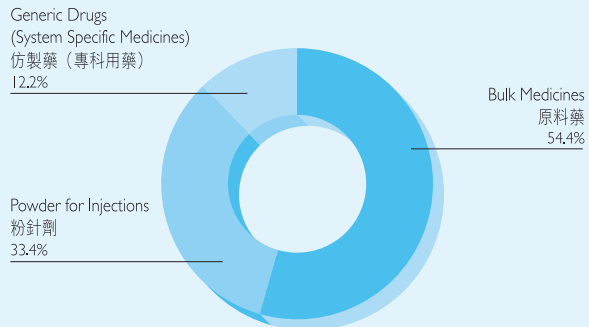
營業額分析

Product	產品	Turnover (RMB'000) 營業額(人民幣千元)		Sales Breakdown (%) 銷售比例(%)		Gross Profit Margin (%) 毛利率(%)	
For the six months ended 30 June							
截至六月三十日止六個月							
		2006	2005	2006	2005	2006	2005
		二零零六年	二零零五年	二零零六年	二零零五年	二零零六年	二零零五年
Bulk Medicines	原料藥	216,635	135,046	54.4	43.4	18.3	25.5
Powder for Injections	粉針劑	132,852	146,418	33.4	47.1	18.5	30.8
Generic Drugs (System Specific Medicines)	仿製藥 (專科用藥)	48,710	29,538	12.2	9.5	80.2	74.9
Overall	總體	398,197	311,002	100.0	100.0	25.9	32.7



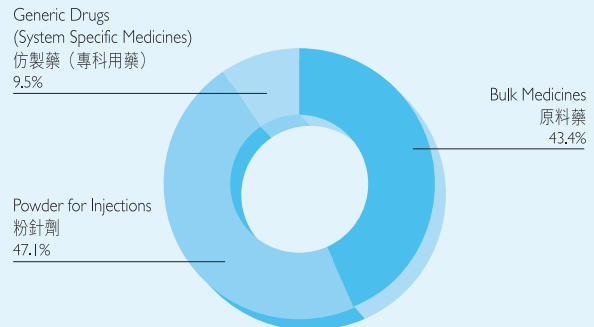
For the six months ended 30 June
截至六月三十日止六個月

2006 Sales Breakdown 二零零六年銷售比例



For the six months ended 30 June
截至六月三十日止六個月

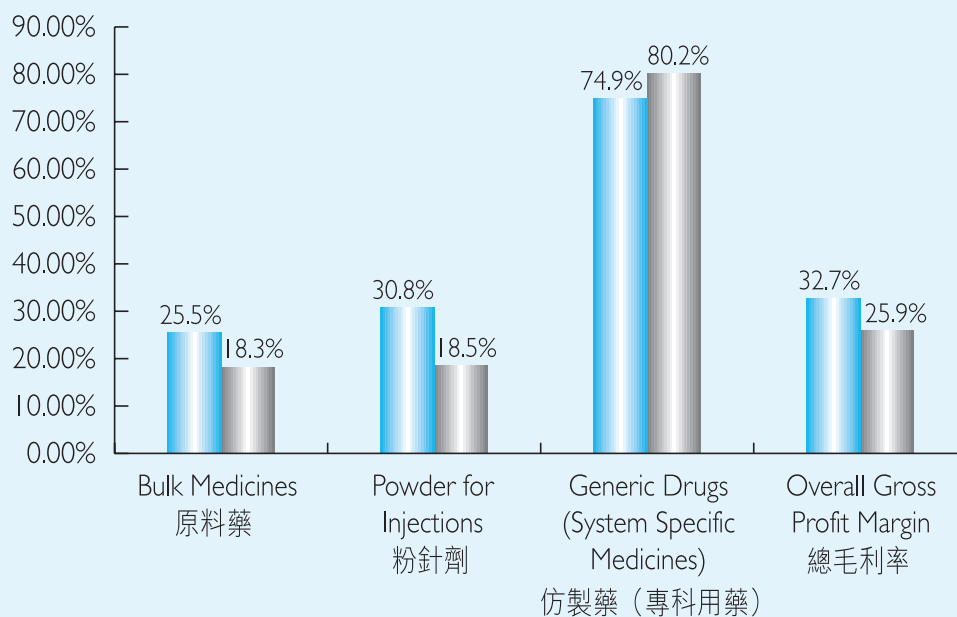
2005 Sales Breakdown 二零零五年銷售比例



For the six months ended 30 June
截至六月三十日止六個月

Gross Profit Margin 毛利率

2005 2006



For the six months ended 30 June
截至六月三十日止六個月

NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

During the period, the net profit attributable to equity holders was approximately RMB45,451,000, representing a decline of 3.3% compared with the corresponding period of last year. The reason for such decrease in net profit attributable to equity holders was mainly due to the decline in gross profit margin as well as an increase in other expenses.

During the period, the operating expenses incurred were approximately RMB55,890,000, equivalent to a rise of 4.4% compared with the corresponding period of last year. The total operating expenses as a percentage of turnover was 14.0% (2005: 17.2%).

Of which, selling and distribution expenses was approximately RMB24,936,000, equivalent to a decline of 10.2% compared with the corresponding period of last year. The selling and distribution expenses as a percentage of turnover was 6.3% (2005: 8.9%).

Administration expenses, other expenses and finance costs totaling approximately RMB30,954,000, which accounted for an increase of RMB5,162,000 and equivalent to a rise of 20.0% as compared with the corresponding period of last year. The increase of the total expenses was mainly due to increases of the salary, R&D expenses and bank interest expense.

ANALYSIS ON RETURN ON ASSETS

As at 30 June 2006, net assets of the Group were approximately RMB505,646,000. Return on net assets, which is defined as the net profit attributable to equity holders divided by net assets, was 9.0% (2005: 10.6%).

權益持有人應佔淨溢利

本期間，權益持有人應佔淨溢利約人民幣45,451,000元，比去年同期減少3.3%。利潤減少主要是來自毛利率的降低和其他費用的增加。

本期間，經營費用約共人民幣55,890,000元，比去年同期增加4.4%。佔營業額的比例為14.0%（二零零五年：17.2%）。

其中，銷售及分銷費用約共人民幣24,936,000元，比去年同期減少10.2%，佔營業額的比例為6.3%（二零零五年：8.9%）。

行政費用、其他費用及財務費用合共約人民幣30,954,000元，比去年同期增加人民幣5,162,000元，增幅約20.0%。費用增加主要是由於工資性福利、研發費用和財務費用增加所致。

資產盈利能力分析

於二零零六年六月三十日，本集團的淨資產約人民幣505,646,000元，淨資產收益率（界定為權益持有人應佔淨溢利除以淨資產）為9.0%（二零零五年：10.6%）。

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2006, the Group held cash and cash equivalents of approximately RMB38,027,000 (as at 31 December 2005: RMB51,948,000). The Group held inventories which amounted to RMB156,932,000 (as at 31 December 2005: RMB159,836,000) and trade and notes receivables amounted to RMB313,398,000 (as at 31 December 2005: RMB239,505,000), in which the trade receivables were almost equivalent to the ending balance of 31 December 2005, whereas notes receivables increased by RMB72,552,000. The trade payables and notes payables were amounted to RMB216,501,000 (as at 31 December 2005: RMB204,260,000). The Group had interest bearing loans and borrowings arising from discounted bills with recourse which would mature between July and October 2006 amounted to RMB59,205,000 (as at 31 December 2005: RMB17,626,000). Up to the date of this report, the outstanding balance of such interest bearing loans and borrowings has been reduced to RMB32,328,000 due to repayment of those discounted bills upon maturity.

The debt ratio (defined as interest bearing loans and borrowings over total assets) of the Group as at 30 June 2006 was 7.4% (as at 31 December 2005: 2.4%).

The Group has always maintained sufficient liquidity, but for contingency purpose, the Group has arranged bank facilities. As at 30 June 2006, the Group has aggregated bank facilities of approximately RMB450,000,000 (as at 31 December 2005: 450,000,000).

流動資金及財政資源

於二零零六年六月三十日，本集團持有現金及現金等價物約人民幣38,027,000元（於二零零五年十二月三十一日：人民幣51,948,000元）。存貨資金為人民幣156,932,000元（於二零零五年十二月三十一日：人民幣159,836,000元）。應收貿易及票據款項為人民幣313,398,000元（於二零零五年十二月三十一日：人民幣239,505,000元），其中應收貿易帳款基本與去年年末持平，應收票據增加了人民幣72,552,000元。應付貿易及票據款項為人民幣216,501,000元（於二零零五年十二月三十一日：人民幣204,260,000元），本集團的計息貸款及借貸全部為將於二零零六年七月至十月期間到期的銀行承兌匯票貼現款共人民幣59,205,000元（於二零零五年十二月三十一日：人民幣17,626,000元），隨著已貼現的銀行承兌匯票到期回款，截至本報告刊發之日，該等計息貸款及借貸結餘已減至人民幣32,328,000元。

於二零零六年六月三十日，本集團之負債比率（界定為計息貸款及借貸除以資產總值）為7.4%（於二零零五年十二月三十一日：2.4%）。

本集團一直持有充裕的流動資產，但為防未然，本集團也安排了銀行貸款額。於二零零六年六月三十日，本集團可動用的銀行信貸總額約人民幣450,000,000元（於二零零五年十二月三十一日：人民幣450,000,000元）。

During the period, net cash inflow from operating activities was approximately RMB37,861,000 (as at 30 June 2005: RMB21,881,000). Net cash outflow used in investing activities was approximately RMB21,591,000 (as at 30 June 2005: RMB35,985,000). Net cash outflow used in financing activities was approximately RMB30,191,000 (as at 30 June 2005: RMB19,643,000). As at 30 June 2006, the Group held cash and cash equivalents of approximately RMB38,027,000.

As at 30 June 2006, the Group's capital commitment was approximately RMB49,549,000 (as at 31 December 2005: RMB37,759,000), which mainly derived from the new bulk medicine workshop for oral cephalosporin products, land purchase expenditures and environmental protection projects, etc. The Group has sufficient financial and internal resources to bear the capital expenditures.

Save for investments in subsidiaries, during the period, the Group had no significant external investments or material acquisitions or disposal of subsidiaries and associated companies.

FOREIGN EXCHANGE AND TREASURY POLICIES

Substantially all of the business activities, assets, liabilities of the Group are calculated in Renminbi, therefore the risk derived from the foreign exchange to the Group is not high. The treasury policy of the Group is to manage any risk of foreign exchange (if any) only if it will potentially impose a significant impact on the Group. The Group continues to observe the foreign exchange market, and may hedge against fluctuations with foreign exchange forward contracts if necessary.

SEGMENTAL INFORMATION

The Group's turnover and profit were mainly derived from the sale of medicines by the Mainland China subsidiaries to customers in the Mainland China. The principal assets employed by the Group are located in the Mainland China. Accordingly, no segment analysis by business and geographical segments is provided.

本期間，經營業務的現金流入淨額約人民幣37,861,000元（於二零零五年六月三十日：人民幣21,881,000元）；用作投資活動的現金流出淨額約人民幣21,591,000元（於二零零五年六月三十日：人民幣35,985,000元）；用作融資活動的現金流出淨額約人民幣30,191,000元（於二零零五年六月三十日：人民幣19,643,000元）；本集團於二零零六年六月三十日的現金及現金等價物約人民幣38,027,000元。

於二零零六年六月三十日，本集團的資本開支承擔約人民幣49,549,000元（於二零零五年十二月三十一日：人民幣37,759,000元），主要涉及口服頭孢原料藥車間的建設、購買土地的支出及環境保護專案等方面。本集團有充足的財政資源，內部資源足以支付其資本開支。

除投資附屬公司外，於本期間，本集團並無對外作出重大投資、購入或出售附屬公司及聯營公司。

外幣及庫務政策

由於本集團大部份業務交易、資產、負債均主要以人民幣結算，故本集團所承受的外匯風險不大。本集團的庫務政策為只會在匯率風險（如有）對本集團有潛在重大影響時進行管理。本集團將繼續監察其外匯狀況，並於有需要時以外匯遠期合約對沖外匯風險。

分類資料

本集團的營業額及溢利主要來自其中國大陸附屬公司向中國大陸的客戶銷售藥物。本集團的主要資產均位於中國大陸。因此，並無提供業務及地區分類分析。

STAFF AND REMUNERATION POLICY

As at 30 June 2006, the Group employed approximately 1,425 employees and the total remuneration was approximately RMB24,725,000 (2005: RMB21,947,000). The Group regards human resources as the most valuable assets and truly understands the importance of attracting and keeping high-performance employees. The remuneration policy is generally based on the references of market salary index and individual qualifications. The Group provides its employees with other fringe benefits, including defined contribution retirement scheme, share option scheme and medical coverage. The Group also offers some of its employees stationed in the PRC with dormitory accommodation.

CHARGES ON ASSETS

As at 30 June 2006, bank balances of RMB6,200,000 were pledged to banks to obtain credit facilities (as at 31 December 2005: Nil).

CONTINGENT LIABILITIES

As at 30 June 2006, the Group had no material contingent liabilities (as at 31 December 2005: Nil).

PLANS FOR SIGNIFICANT INVESTMENTS AND EXPECTED SOURCE OF FUNDING

Save for those disclosed above in connection with capital commitment under the section "Liquidity and Financial Resources", the Group did not have any plan for material investments or acquisition of capital assets.

僱員及薪酬政策

於二零零六年六月三十日，本集團約有1,425名僱員，其薪酬總額約為人民幣24,725,000元（二零零五年：人民幣21,947,000元）。本集團視人力資源為最寶貴的財富，深明吸納及挽留表現稱職員工的重要性。薪酬政策一般參考市場水平及個別員工的資歷而定。本集團為員工提供的其他福利包括定額供款退休計劃、購股權計劃及醫療福利。本集團並在中國為其若干中國的僱員提供宿舍。

資產抵押

於二零零六年六月三十日，賬面淨值為人民幣6,200,000元的銀行存款已抵押予銀行，以取得信貸額度（於二零零五年十二月三十一日：無）。

或有負債

於二零零六年六月三十日，本集團並無重大或有負債（於二零零五年十二月三十一日：無）。

未來重大投資及預期融資來源

除於上述「流動資金及財政資源」一節所載有關資本開支承擔所披露者外，本集團並無任何未來重大投資計劃或購入資本資產計劃。

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2006, the interests and short positions of the Directors and Chief Executive in the shares or underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

Long positions in ordinary shares of the Company:

董事及行政總裁於股份及相關股份的權益及淡倉

於二零零六年六月三十日，董事及行政總裁於本公司或其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）的股本、相關股份及債券中，擁有記錄於本公司根據證券及期貨條例第352條存置的登記冊，或根據上市公司董事進行證券交易的標準守則須知會本公司及香港聯合交易所有限公司（「聯交所」）的權益及淡倉載列如下：

於本公司普通股中的好倉：

Name 名稱	Notes 附註	Number of ordinary shares held, capacity and nature of interest 持有普通股的數目、身份及權益性質			Total 總計	Percentage of the Company's issued share capital 佔本公司 已發行股本 的百分比
		Directly beneficially owned 直接實 益擁有	Through controlled corporation 通過控制 公司持有			
Directors						
董事						
Ms. Li Kei Ling 李其玲女士	(a)	—	342,072,000	342,072,000	42.81	
Mr. Hung Yung Lai 熊融禮先生	(a)	—	342,072,000	342,072,000	42.81	
Mr. Li Tung Ming 李東明先生	(b)	2,800,000	56,000,000	58,800,000	7.36	
Mr. Xu Kehan 許克寒先生		800,000	—	800,000	0.10	
Mr. Leung Hong Man 梁康民先生	(c)	—	44,488,000	44,488,000	5.57	
Chief Executive Officer						
行政總裁						
Mr. Dong Shao Zhi 董紹志先生		3,400,000	—	3,400,000	0.43	

The interests of the Directors and Chief Executive Officer in the share options of the Company are separately disclosed in Note 15 to the Interim Financial Information.

董事及行政總裁於本公司購股權的權益分別載於中期財務資料附註15。

Long positions in shares and underlying shares of associated corporation:

於相聯法團股份及相關股份中的好倉：

Name of Director 董事名稱	Name of associated corporation 相關法團名稱	Relationship with the Company 與本公司的關係	Number of ordinary shares held 持有普通股的數目	Capacity and nature of interest 身份及權益性質	Percentage of the associated corporation's issued share capital 佔相關法團已發行股本的百分比
Ms. Li Kei Ling 李其玲女士	Fortune United Group Limited	Company's holding company 本公司的控股公司	2	Through a controlled corporation 通過一間控制公司	50
Mr. Hung Yung Lai 熊融禮先生	Fortune United Group Limited	Company's holding company 本公司的控股公司	2	Through a controlled corporation 通過一間控制公司	50

Notes:

附註：

- (a) 342,072,000 shares of the Company are held by Fortune United Group Limited, a company incorporated in the British Virgin Islands. Keysmart Enterprises Limited, which is wholly-owned by Ms. Li Kei Ling, and Hunwick International Limited, which is wholly-owned by Mr. Hung Yung Lai, are each beneficially interested in 50% of the share capital of Fortune United Group Limited.
- (a) 342,072,000股本公司股份由一家於英屬處女群島註冊成立的公司Fortune United Group Limited所持有。Fortune United Group Limited的股本由李其玲女士全資擁有的Keysmart Enterprises Limited及由熊融禮先生全資擁有的Hunwick International Limited各自實益擁有50%權益。
- (b) 56,000,000 shares of the Company are held by Time Lead Investments Limited, a company incorporated in the British Virgin Islands. The entire issued share capital of Time Lead Investments Limited is beneficially owned by Mr. Li Tung Ming.
- (b) 56,000,000股本公司股份由一家於英屬處女群島註冊成立的公司Time Lead Investments Limited所持有。Time Lead Investments Limited的全部已發行股本由李東明先生實益擁有。
- (c) 44,488,000 shares of the Company are held by Toyo International Investment Limited, a company incorporated in Hong Kong. Mr. Leung Hong Man and Mr. Leung Yiu Sing are each beneficially interested in 50% of the share capital of Toyo International Investment Limited.
- (c) 44,488,000股本公司股份由一家於香港註冊成立的公司東海國際投資有限公司所持有。東海國際投資有限公司的全部已發行股本由梁康民先生及梁耀成先生各自實益擁有50%權益。

Save as disclosed above, as at 30 June 2006, none of the Directors or Chief Executive had registered an interest or short position in the shares or underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and Chief Executive's interests and short positions in shares and underlying shares" above and in the share option scheme disclosures in Note 15 to the Interim Financial Information, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

The detailed disclosures relating to the Company's share option scheme and valuation of options are set out in Note 15 to the Interim Financial Information.

除上述者外，於二零零六年六月三十日，概無董事或行政總裁於本公司或其任何相聯法團的股份、相關股份或債券中，擁有須根據證券及期貨條例第352條予以記錄，或根據上市公司董事進行證券交易的標準守則須知會本公司及聯交所的權益或淡倉。

董事購買股份或債券的權益

除於上述「董事及行政總裁於股份及相關股份的權益及淡倉」一節及中期財務資料附註15所載購股權計劃披露的事宜外，在本期間並無任何董事、彼等的配偶或未滿18歲的子女獲授可透過收購本公司股份或債券的方法收購權益的權利，或彼等行使任何該等權利，或本公司、其控股公司或其任何附屬公司訂立任何安排，以令董事可收購任何其他法人團體有關權利。

購股權計劃

有關本公司購股權計劃的詳情及購股權之估值載於中期財務資料附註15。

**SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS
IN SHARES AND UNDERLYING SHARES**

As at 30 June 2006, the following interests or short positions in the shares and underlying shares of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Long positions:

主要股東及其他人士於股份及相關股份的權益

於二零零六年六月三十日，根據證券及期貨條例第336條須於本公司存置的權益登記冊上記錄，於本公司股份及相關股份的權益或淡倉載列如下：

好倉：

Name 名稱	Notes 附註	Number of ordinary shares held, capacity and nature of interest 持有普通股的數目、身份及權益性質			Total 總數	Percentage of the Company's issued share capital 佔本公司已發行 股本的百分比
		Directly Beneficially owned 直接實 益擁有	Family interest 家屬權益	Through a controlled corporation 通過一家 控制公司		
Fortune United Group Limited	(a)	342,072,000			342,072,000	42.81
Keysmart Enterprises Limited	(a)	—	—	342,072,000	342,072,000	42.81
Hunwick International Limited	(a)	—	—	342,072,000	342,072,000	42.81
Mdm. Lu Pun 姚彬女士	(b)	—	342,072,000	—	342,072,000	42.81
Ray Sheen Company Limited	(c)	69,492,000	—	—	69,492,000	8.70
Mr. Zhang Jing Xing 張京星先生	(c)	—	—	69,492,000	69,492,000	8.70
Mdm. Luo Yang 羅央女士	(d)	—	69,492,000	—	69,492,000	8.70
Time Lead Investments Limited	(e)	56,000,000	—	—	56,000,000	7.01
Toyo International Investment Limited 東海國際投資有限公司	(f)	44,488,000	—	—	44,488,000	5.57
Mdm. Lo Mei Sai 羅美茜女士	(g)	—	44,488,000	—	44,488,000	5.57

Number of ordinary shares held,
capacity and nature of interest
持有普通股的數目、身份及權益性質

Name 名稱	Notes 附註	Directly Beneficially owned 直接實 益擁有		Family interest 家屬權益	Through a controlled corporation 通過一家 控制公司	Total 總數	Percentage of the Company's issued share capital 佔本公司已發行 股本的百分比
Mr. Leung Yiu Sing 梁耀成先生	(f) &(h)	5,416,000	—	—	44,488,000	49,904,000	6.24
Mdm. Chu Shuet Fong 朱雪芳女士	(h)&(i)	5,416,000	44,488,000	—	—	49,904,000	6.24

Notes:

附註：

- (a) The issued capital of Fortune United Group Limited is equally beneficially owned by Keysmart Enterprises Limited and Hunwick International Limited which are in turn, respectively, wholly-owned by Ms. Li Kei Ling and Mr. Hung Yung Lai, Executive Directors of the Company.
- (a) Fortune United Group Limited的已發行股本由Keysmart Enterprises Limited及Hunwick International Limited平均實益擁有。Keysmart Enterprises Limited及Hunwick International Limited分別由本公司的執行董事李其玲女士及熊融禮先生全資擁有。
- (b) Mdm. Lu Pun is the wife of Mr. Hung Yung Lai and is deemed to be interested in the shares of the Company held by Mr. Hung Yung Lai.
- (b) 姚彬女士為熊融禮先生的配偶，故被視為於熊融禮先生持有的本公司股份中擁有權益。
- (c) The entire issued capital of Ray Sheen Company Limited, a company incorporated in the British Virgin Islands, is beneficially owned by Mr. Zhang Jing Xing.
- (c) Ray Sheen Company Limited(一家於英屬處女群島註冊成立的公司)的全部已發行股本由張京星先生實益擁有。
- (d) Mdm. Luo Yang is the wife of Mr. Zhang Jing Xing and is deemed to be interested in the shares of the Company held by Mr. Zhang Jing Xing.
- (d) 羅央女士為張京星先生的配偶，故被視為於張京星先生持有的本公司股份中擁有權益。
- (e) The entire issued capital of Time Lead Investments Limited is beneficially owned by Mr. Li Tung Ming, an Executive Director of the Company.
- (e) Time Lead Investments Limited的全部已發行股本由本公司一名執行董事李東明先生實益擁有。
- (f) The issued capital of Toyo International Investment Limited is equally beneficially owned by Mr. Leung Hong Man, the Non-executive Director of the Company and his father Mr. Leung Yiu Sing.
- (f) 東海國際投資有限公司的已發行股本分別由本公司的非執行董事梁康民先生及彼之父親梁耀成先生平均實益擁有。
- (g) Mdm. Lo Mei Sai is the wife of Mr. Leung Hong Man and is deemed to be interested in the shares of the Company held by Mr. Leung Hong Man.
- (g) 羅美茜女士為梁康民先生的配偶，故被視為於梁康民先生持有的本公司股份中擁有權益。

(h) 5,416,000 shares are jointly held by Mr. Leung Yiu Sing and his wife Mdm. Chu Shuet Fong, both are deemed to be interested in all of the shares held jointly.

(i) Mdm. Chu Shuet Fong is the wife of Mr. Leung Yiu Sing and is deemed to be interested in the shares of the Company held by Mr. Leung Yiu Sing.

Save as disclosed above, as at 30 June 2006, no person, other than the Directors and Chief Executive Officer of the Company, whose interests are set out under the heading "Directors' and Chief Executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2006, the Company repurchased 1,880,000 shares on The Stock Exchange of Hong Kong Limited at an aggregate consideration of HK\$1,217,800 before expenses. The repurchased shares were subsequently cancelled. The nominal value of the cancelled shares was transferred to the capital redemption reserve and the premium payable on repurchase was charged against the share premium account. The repurchases were effected by the Directors for the enhancement of shareholder value in the long term. Details of the shares repurchased are as follows:

Month of Repurchase (month/year) 購回月份 (月/年)	Number of Shares Repurchased 購回股份數目	Price per Share 每股價格 HK\$	Aggregate Consideration Paid 代價總額 HK\$
1/2006	28,000	0.50	14,000
6/2006	1,852,000	0.65	1,203,800
Total	總數 1,880,000		1,217,800

Save as disclosed above, neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2006.

(h) 5,416,000股股份由梁耀成先生及彼之配偶朱雪芳女士共同持有，彼等均被視為擁有該批共同持有股份的全部權益。

(i) 朱雪芳女士為梁耀成先生的配偶，故被視為於梁耀成先生持有的本公司股份中擁有權益。

除上文披露者外，於二零零六年六月三十日，並無其他人士(本公司董事及行政總裁除外，有關彼等的權益載於上文「董事及行政總裁於股份及相關股份的權益及淡倉」一節)登記於本公司股份或相關股份中擁有的權益或淡倉(須根據證券及期貨條例第336條予以登記)。

購買、贖回或出售本公司上市證券

截至二零零六年六月三十日止六個月期間，本公司在香港聯合交易所有限公司購回1,880,000股股份，未計其他費用之總代價為港幣1,217,800元，該等股份在購回後隨即註銷。與註銷股份面值相等之數額已撥往資本贖回儲備，而股份購回所付之溢價已記入股份溢價賬。股份回購是董事為提高股東長遠利益作出。有關購回股份之詳情如下：

除上文披露者外，截至二零零六年六月三十日止之六個月內，本公司或其任何附屬公司概無購買、贖回或出售任何本公司上市證券。

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Ltd. (the "Listing Rules") as the Company's code of conduct for dealings in securities of the Company by the Directors. Based on specific enquiry of the Company's Directors, the Directors have complied with the required standard set out in the Model Code, throughout the accounting period covered by the interim report.

AUDIT COMMITTEE

The Company has an audit committee which was established in compliance with Rule 3.21 of the Listing Rules for the purpose of reviewing and providing supervision over the Group's financial reporting process and internal controls. The audit committee comprises the three independent non-executive directors of the Company.

The unaudited condensed consolidated interim financial statements of the Company for the period ended 30 June 2006 have been reviewed by the audit committee before recommending it to the Board for approval.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2006.

CHANGE OF DIRECTOR

Mr. Zhang Jing Xing resigned as an Executive Director of the Company with effect from 9 May 2006. The Board would like to thank Mr. Zhang for his contributions to the Company during the tenure of his service.

證券交易的標準守則

本公司已採納香港聯合交易所有限公司證券上市規則(「上市規則」)的上市發行人董事進行證券交易的標準守則(「標準守則」)作為董事買賣本公司證券的行為守則。根據對本公司董事作出的特定查詢後，董事於本報告覆蓋的會計期內一直遵守標準守則所規定的準則。

審核委員會

本公司根據上市規則第3.21條，就審閱及監管本集團財務申報過程及內部監控成立審核委員會。審核委員會包括三名本公司獨立非執行董事。

本公司截至二零零六年六月三十日止的未經審核簡明合併中期財務報表於提呈董事會批准前由審核委員會審閱。

企業管治常規守則

董事認為，於截至二零零六年六月三十日止六個月期間內，本公司一直遵守上市規則附錄14的企業管治常規守則所載之守則規定。

董事變動

張京星先生於二零零六年五月九日起辭任本公司執行董事，董事會對張京星先生過往於履行董事職務期間對本公司作出之貢獻表示衷心感謝。

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 20 September 2006 to Friday, 22 September 2006 (both days inclusive), during which period no transfer of shares will be registered.

Dividend warrants will be despatched to shareholders on or about Wednesday, 27 September 2006. In order to qualify for the interim dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Registrars in Hong Kong, Abacus Share Registrars Limited, at 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong not later than 4:00 p.m. on Tuesday, 19 September 2006.

By Order of the Board

Li Kei Ling

Chairman

Hong Kong, 22 August 2006

As at the date of this report, the Board comprises eight Directors, of which four are Executive Directors, namely Ms. Li Kei Ling, Mr. Hung Yung Lai, Mr. Li Tung Ming and Mr. Xu Kehan; one is Non-executive Director, Mr. Leung Hong Man; three are Independent Non-executive Directors, namely Mr. Pan Xue Tian, Mr. Lee Cheuk Yin Dannis and Mr. Choi Tat Ying Jacky.

暫停辦理股份過戶登記

本公司於二零零六年九月二十日星期三至二零零六年九月二十二日星期五(首尾兩天包括在內)，暫停辦理股份過戶登記手續。

股息單將約於二零零六年九月二十七日星期三寄發予股東。為確保獲派中期股息，凡未過戶之股票必須連同填妥的股票轉讓書，於二零零六年九月十九日星期二下午四時正前，送達本公司股份過戶登記處，香港皇后大道東28號金鐘匯中心26樓雅柏動證券登記有限公司，辦理過戶登記手續。

代表董事會

李其玲

主席

香港，二零零六年八月二十二日

於本報告刊發日期，董事會由八名董事組成，其中四名為執行董事，包括李其玲女士、熊融禮先生、李東明先生及許克寒先生；一名非執行董事梁康民先生；三名獨立非執行董事包括潘學田先生、李卓然先生及蔡達英先生。

		For the six months ended 30 June 截至六月三十日止六個月		
		2006 二零零六年 (Unaudited) (未經審核)	2005 二零零五年 (Unaudited) and restated) (未經審核及重列)	
		RMB'000 人民幣千元	RMB'000 人民幣千元	
		Notes 附註		
TURNOVER	營業額	3	398,197	311,002
Cost of sales	銷售成本		(294,966)	(209,302)
Gross profit	毛利		103,231	101,700
Other income	其他收入	3	866	1,154
Selling and distribution costs	銷售及分銷費用		(24,936)	(27,761)
Administrative expenses	行政費用		(18,992)	(17,803)
Other expenses	其他費用		(11,443)	(7,919)
Finance costs	財務費用	4	(519)	(70)
PROFIT BEFORE TAX	除稅前溢利	5	48,207	49,301
Tax	稅項	6	(2,711)	(2,263)
PROFIT FOR THE PERIOD	本期間溢利		45,496	47,038
Attributable to:	以下各項應佔：			
Equity holders of the parent	母公司權益持有人		45,451	47,014
Minority interest	少數股東權益		45	24
			45,496	47,038
DIVIDENDS	股息	7	12,400	12,779
EARNINGS PER SHARE	每股盈利	8		
– basic	– 基本		RMB0.0568	RMB0.0588
– diluted	– 攤薄		RMB0.0567	RMB0.0588

			30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (已審核) RMB'000 人民幣千元
		Notes 附註		
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	9	242,144	223,927
Land use rights	土地使用權		13,356	13,511
Construction in progress	在建工程		1,561	19,561
Intangible assets	無形資產		15,875	15,038
			272,936	272,037
CURRENT ASSETS	流動資產			
Inventories	存貨	10	156,932	159,836
Trade receivables	應收貿易款項	11	149,004	147,663
Notes receivables	應收票據款項	11	164,394	91,842
Prepayments, deposits and other receivables	預付款、按金及 其他應收款項		22,615	20,860
Financial assets at fair value through profit or loss	按公允值記入損益表 之財務資產		734	867
Cash and cash equivalents	現金及現金等價物		38,027	51,948
			531,706	473,016
CURRENT LIABILITIES	流動負債			
Trade payables	應付貿易款項	12	45,018	41,119
Notes payables	應付票據款項	12	171,483	163,141
Interest-bearing loans and borrowings	計息貸款及借貸	13	59,205	17,626
Income tax payable	應付所得稅		1,950	—
Other payables and accruals	其他應付款及應計負債		21,340	34,110
			298,996	255,996
Net current assets	流動資產淨額		232,710	217,020
Total assets less current liabilities	資產總額減流動負債		505,646	489,057

			30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核)	31 December 2005 二零零五年 十二月三十一日 (Audited) (已審核)
		Notes 附註	RMB'000 人民幣千元	RMB'000 人民幣千元
EQUITY	權益			
Equity attributable to equity holders of the parent	母公司權益持有人應佔權益			
Issued capital	已發行股本	14	84,791	84,880
Reserves	儲備		420,116	374,307
Proposed final dividend	擬派末期股息		—	29,127
			504,907	488,314
Minority interest	少數股東權益		739	743
Total equity	權益總額		505,646	489,057

(For the six months ended 30 June 2006)

(截至二零零六年六月三十日止六個月)

(Unaudited)
(未經審核)

		Attributable to equity holders of the parent 母公司權益持有人應佔權益											
		Share Issued share capital 已發行 股本	Share premium account 股份溢價	Capital redemption reserve 資本 贖回儲備	Share option reserve 購股權 儲備	Contributed surplus 繳入盈餘	Statutory surplus reserve 法定盈餘 公積金	Exchange fluctuation reserve 匯兌 波動儲備	Retained profits 保留溢利	Proposed final dividend 擬派 末期股息	Total	Minority interest 少數股東 權益	Total equity 權益總額
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2005	於二零零五年一月一日	84,880	69,583	—	—	100,175	32,927	819	103,544	19,543	411,471	716	412,187
Effect of adopting IFRS 2	採納IFRS 2的影響	—	—	—	4,255	—	—	—	(4,255)	—	—	—	—
Exchange realignment	匯兌調整	—	—	—	—	—	67	—	—	67	—	67	
Net profit for the period	本期間淨溢利	—	—	—	—	—	—	47,014	—	47,014	24	47,038	
Dividends paid to minority shareholder	已付少數股東股息	—	—	—	—	—	—	—	—	—	(30)	(30)	
Final 2004 dividend declared	宣派二零零四年末期股息	—	—	—	—	—	—	—	(19,543)	(19,543)	—	(19,543)	
Equity-settled share option arrangements	以股權支付的購股權安排	—	—	—	2,152	—	(7)	—	—	2,145	—	2,145	
Transfer from retained profits	自保留溢利中轉撥	—	—	—	—	—	4	—	(4)	—	—	—	
At 30 June 2005	於二零零五年六月三十日	84,880	69,583	—	6,407	100,175	32,931	879	146,299	—	441,154	710	441,864
At 1 January 2006	於二零零六年一月一日	84,880	69,583	—	1,616	100,175	45,018	446	157,469	29,127	488,314	743	489,057
Exchange realignment	匯兌調整	—	—	—	—	—	—	416	—	—	416	—	416
Net profit for the period	本期間淨溢利	—	—	—	—	—	—	—	45,451	—	45,451	45	45,496
Shares issued upon exercise of share options	行使購股權而發行之股份	106	646	—	(118)	—	—	—	—	—	634	—	634
Shares repurchased and cancelled	購回及註銷股份	(195)	(1,073)	—	—	—	—	—	—	—	(1,268)	—	(1,268)
Transfer arising on shares repurchased and cancelled	購回及註銷股份之儲備轉撥	—	—	195	—	—	—	—	(195)	—	—	—	
Dividends paid to minority shareholder	已付少數股東股息	—	—	—	—	—	—	—	—	—	(49)	(49)	
Final 2005 dividend declared	宣派二零零五年末期股息	—	—	—	—	—	—	—	(29,127)	(29,127)	—	(29,127)	
Dividend on shares issued for employee share options exercised after 31 December 2005	二零零五年十二月三十一日後行使的僱員購股權所發行股份的股息	—	—	—	—	—	—	—	(22)	—	(22)	—	(22)
Equity-settled share option arrangements	以股權支付的購股權安排	—	—	—	509	—	—	—	—	—	509	—	509
Transfer from retained profits	自保留溢利中轉撥	—	—	—	—	—	7	—	(7)	—	—	—	
At 30 June 2006	於二零零六年六月三十日	84,791	69,156	195	2,007	100,175	45,025	862	202,696	—	504,907	739	505,646

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (Unaudited) (未經審核) RMB'000 人民幣千元	2005 二零零五年 (Unaudited) (未經審核) RMB'000 人民幣千元
Net cash flow from operating activities	經營業務的現金流量淨額	37,861	21,881
Net cash flow used in investing activities	用作投資活動的現金流量淨額	(21,591)	(35,985)
Net cash flow used in financing activities	用作融資活動的現金流量淨額	(30,191)	(19,643)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(13,921)	(33,747)
Cash and cash equivalents at 1 January	於一月一日的現金及現金等價物	51,948	96,566
Cash and cash equivalents as 30 June representing bank balances and cash	於六月三十日的現金及現金等價物 即銀行結餘及現金	38,027	62,819

I. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated balance sheet as at 30 June 2006 and the related condensed consolidated income statement, cash flow and changes in equity for the six months ended 30 June 2006 (the "period") (collectively defined as "Interim Financial Information") of the Company and its subsidiaries (collectively, the "Group") are prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" issued by the International Accounting Standards Board, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value.

The accounting policies and basis of preparation adopted in the preparation of the Interim Financial Information are the same as those used in the 2005 annual report of the Group dated 28 March 2006, except in relation to the following new standards, amendments and interpretations (hereafter collectively referred to as the "new IFRSs"), which are effective for accounting periods beginning on or after 1 December 2005 or 1 January 2006.

IAS 19 Amendment	Actuarial Gains and Losses, Group Plans and Disclosures	IAS 19 (修訂)	精算盈虧、集團計劃及披露
IAS 21 Amendment	Net Investment in a Foreign Operation	IAS 21 (修訂)	海外投資淨額
IAS 39 Amendment	Cash Flow Hedge Accounting of Forecast Intragroup Transactions	IAS 39 (修訂)	預計集團內交易的現金流量對沖會計
IAS 39 Amendment	The Fair Value Option	IAS 39 (修訂)	公允值購股權
IAS 39 & IFRS 4 Amendments	Financial Guarantee Contracts	IAS 39及IFRS 4 (修訂)	財務擔保合約
IFRSs 1 & 6 Amendments	First-time Adoption of IFRSs and Exploration for and Evaluation of Mineral Resources	IFRSs 1及6 (修訂)	首次採納國際財務報告準則、採探及評估礦資源
IFRS 6	Exploration for and Evaluation of Mineral Resources	IFRS 6	採探及評估礦資源
IFRIC – Int 4	Determining whether an Arrangement contains a Lease	IFRIC – Int 4	釐定包括租賃的安排
IFRIC – Int 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	IFRIC – Int 5	來自關閉、恢復和環境修復基金權益的權利
IFRIC – Int 6	Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	IFRIC – Int 6	參與特定市場、廢棄電力及電子設備產生的負債

1. 編製基準與主要會計政策

本公司及其附屬公司(統稱「本集團」)於二零零六年六月三十日的簡明合併資產負債表及截至二零零六年六月三十日止六個月(「本期間」)的相關簡明合併利潤表、現金流量及權益變動(統稱「中期財務資料」)，乃根據國際會計準則委員會(International Accounting Standards Board)頒佈的國際會計準則第34號《中期財務報告》、香港公司條例及香港聯合交易所有限公司證券上市規則的披露規定而編製。除按公允值計算並記入損益表之財務資產外，中期財務資料按歷史成本原則編製。

編製中期財務資料所採納之會計政策及編製基準與本集團於二零零六年三月廿八日公告的二零零五年年報之所採用者一致，惟下列於二零零五年十二月一日或二零零六年一月一日或之後開始之會計期間生效之新準則、修訂及詮釋(以下統稱「新國際財務報告準則」)外。

1. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Cont'd)

The adoption of the above new IFRSs has had no material impact on the accounting policies of the Group and the methods of computation in the Group's financial statements.

The Group has not early applied the following new IFRSs, that have been issued but are not yet effective, to the financial statements.

IAS 1 Amendment	Capital Disclosures ¹
IFRS 7	Financial Instruments: Disclosures ¹
IFRIC – Int 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies ²
IFRIC – Int 8	Scope of IFRS 2 ³
IFRIC – Int 9	Reassessment of Embedded Derivatives ⁴
IFRIC – Int 10	Interim Financial Reporting and Impairment ⁵

¹ Effective for annual periods beginning on or after 1 January 2007.

² Effective for annual periods beginning on or after 1 March 2006.

³ Effective for annual periods beginning on or after 1 May 2006.

⁴ Effective for annual periods beginning on or after 1 June 2006.

⁵ Effective for annual periods beginning on or after 1 November 2006.

Except IAS 1 Amendment, the Group expects that the adoption of these new IFRSs will not have any significant impact on the Group's financial statements.

2. SEGMENT INFORMATION

The Group's turnover and profit were mainly derived from the sale of medicines by the Mainland China subsidiaries to customers in the Mainland China. The principal assets employed by the Group are located in the Mainland China. Accordingly, no segment analysis by business and geographical segments is provided.

1. 編製基準與主要會計政策 (續)

採納上述新國際財務報告準則將不會對本集團的會計政策，以及本集團財務報表的計算方式造成重大影響。

本集團並未於財務報表提早應用下列已頒佈但尚未生效之新國際財務報告準則。

IAS 1 (修訂)	資本披露 ¹
IFRS 7	金融工具：披露 ¹
IFRIC – Int 7	根據國際會計準則第29號在惡性通貨膨脹的經濟環境下在財務報告中採用重列的方法 ²
IFRIC – Int 8	國際財務報告準則第2號的範圍 ³
IFRIC – Int 9	重新評估嵌入式衍生工具 ⁴
IFRIC – Int 10	中期財務報表及減值 ⁵

¹ 於二零零七年一月一日或之後開始年度期間生效。

² 於二零零六年三月一日或之後開始年度期間生效。

³ 於二零零六年五月一日或之後開始年度期間生效。

⁴ 於二零零六年六月一日或之後開始年度期間生效。

⁵ 於二零零六年十一月一日或之後開始年度期間生效。

除IAS 1 (修訂)外，本集團預期，採納此等新國際財務報告準則將不會對本集團財務報表構成重大影響。

2. 分類資料

本集團的營業額及溢利主要來自其中國大陸附屬公司向中國大陸的客戶銷售藥物。本集團的主要資產均位於中國大陸。因此，並無提供業務及地區分類分析。

3. TURNOVER AND OTHER INCOME

3. 營業額及其他收入

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (Unaudited) (未經審核) RMB'000 人民幣千元	2005 二零零五年 (Unaudited and restated) (未經審核及重列) RMB'000 人民幣千元
Turnover	營業額		
Sale of goods	銷售貨品	398,365	311,089
Less: Business tax and government surcharges	減：營業稅及政府附加稅	(168)	(87)
		398,197	311,002
Other income	其他收入		
Interest income from bank balances	銀行存款利息收入	519	512
Dividend income from financial assets at fair value through profit or loss	按公允值記入損益表之 財務資產股息收入	2	—
Government grants	政府撥款	20	200
Gain on disposal of financial assets at fair value through profit or loss	出售按公允值記入損益表之 財務資產收益	124	—
Others	其他	201	442
		866	1,154

4. FINANCE COSTS

4. 財務費用

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (Unaudited) (未經審核) RMB'000 人民幣千元	2005 二零零五年 (Unaudited) (未經審核) RMB'000 人民幣千元
Interest on bank loans	銀行貸款利息	519	70

5. PROFIT BEFORE TAX

The profit before tax is arrived at after charging/(crediting):

5. 除稅前溢利

除稅前溢利乃經扣除／(計入)下列各項後釐定：

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (Unaudited) (未經審核) RMB'000 人民幣千元	2005 二零零五年 (Unaudited) (未經審核) RMB'000 人民幣千元
Cost of the inventories sold	已售存貨成本	294,966	209,302
Depreciation	折舊	10,737	8,170
Amortization of land use rights *	土地使用權攤銷*	153	153
Research and development costs:	研究及開發成本：		
Deferred expenditure amortised **	遞延開支攤銷**	392	429
Current period expenditure	本期間支出	7,391	7,225
		7,783	7,654
		313,639	225,279
Minimum lease payments under operating leases:	按經營租約之最低租金：		
Land and buildings	土地及樓宇	633	486
Employee benefit expense (including directors' remuneration):	僱員福利開支（包括董事酬金）：		
Wages and salaries	工資及薪金	21,784	18,557
Retirement costs	退休成本	1,766	727
Accommodation benefits	住房福利	666	518
Equity-settled share option expense	以股權支付的購股權開支	509	2,145
		24,725	21,947
Foreign exchange differences, net	匯兌淨額	496	50
Write-back of inventories to net realisable value	存貨減值至可變現淨值之撥回	(671)	—
Realised and unrealised (gains)/losses, net:	已變現及未變現（收益）／虧損淨額：		
Equity investments at fair value through profit or loss	按公允值記入損益表之上市股票投資	(86)	105
Loss on disposal of items of property, plant and equipment	出售物業、廠房及設備等項目的虧損	1,241	413

* The amortization of land use rights for the period is included in "Administrative expenses" on the face of the condensed consolidated income statement.

** The amortization of deferred expenditure for the period is included in "Other expenses" on the face of the condensed consolidated income statement.

* 本期間的土地使用權攤銷已計入簡明合併利潤表的「行政費用」內。

** 本期間的遞延開支攤銷已計入簡明合併利潤表的「其他費用」內。

6. TAX

The income tax expense charged to the condensed consolidated income statement for the six months ended 30 June 2006 is as follows:

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2006	2005
		二零零六年	二零零五年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current income tax	當期所得稅		
Hong Kong	香港	—	—
The PRC	中國	2,973	2,263
Over provision in previous year	往年度超額撥備		
The PRC	中國	(262)	—
		2,711	2,263

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period. The PRC corporate income tax has been calculated on the estimated assessable profits for the period at the rates of tax prevailing in the locations in which the Group's subsidiaries operate, based on existing legislation, interpretations and practices in respect thereof.

No provision for deferred tax has been made as the net effect of all temporary difference is immaterial.

6. 稅項

截至二零零六年六月三十日止六個月已計入簡明合併利潤表的所得稅支出如下：

由於本集團於本期間在香港並無產生應課稅溢利，故並無就香港利得稅作出撥備。而中國企業所得稅乃根據本期間估計應課稅溢利，按本集團旗下附屬公司經營業務所在地之現行法律、釋義及慣例，以當地之適用稅率而計算。

由於所有時間性差異的淨影響並不重大，因此並無就遞延稅項作出撥備。

7. DIVIDENDS

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (Unaudited) (未經審核) RMB'000 人民幣千元	2005 二零零五年 (Unaudited) (未經審核) RMB'000 人民幣千元
Dividend pertaining to the prior year declared in the six months ended 30 June	截至六月三十日止六個月宣派的去年度股息	29,127	19,543
Interim – HK\$0.015 (2005: HK\$0.015) per ordinary share	中期：每股普通股港幣 0.015 元 (二零零五年：港幣 0.015 元)	12,400	12,779
		41,527	32,322

On 22 August 2006, the Company declared an interim dividend for the year ending 31 December 2006, at HK\$0.015 per share, amounting to a total sum of approximately HK\$11,987,000 (equivalent to approximately RMB12,400,000).

本公司於二零零六年八月二十二日宣派截至二零零六年十二月三十一日止年度的中期股息每股港幣0.015元，合共約港幣11,987,000元（約相當於人民幣12,400,000元）。

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2006 is based on the net profit attributable to ordinary equity holders of the parent of RMB45,451,000 (2005: RMB47,014,000) and the weighted average number of 800,020,552 ordinary shares (2005: 800,000,000 ordinary shares) in issue during the period.

8. 每股盈利

截至二零零六年六月三十日止六個月的基本每股盈利乃按母公司普通股權益持有人應佔淨溢利人民幣45,451,000元（二零零五年：人民幣47,014,000元）以及於本期間已發行普通股之加權平均股數800,020,552股（二零零五年：800,000,000股）而計算。

The calculation of diluted earnings per share for the period is based on the net profit attributable to ordinary equity holders of the parent of RMB45,451,000 and the weighted average number of 801,307,004 ordinary shares in issue during the period after adjusting for the effect of dilutive options.

本期間每股攤薄盈利乃按母公司普通股權益持有人應佔淨溢利人民幣45,451,000元以及本期間已發行普通股之加權平均股數801,307,004股計算，並就具攤薄作用之購股權予以調整。

8. EARNINGS PER SHARE (Cont'd)

The employee share options outstanding during the period ended 30 June 2005 had no potential dilutive effect on the basic earnings per share.

9. MOVEMENTS IN PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired construction in progress, property, plant and equipment in an aggregate amount of approximately RMB31,456,000 (2005: approximately RMB50,018,000).

10. INVENTORIES**8. 每股盈利 (續)**

而截至二零零五年六月三十日止六個月，尚未行使的僱員購股權對基本每股盈利並不具潛在攤薄影響。

9. 物業、廠房及設備之變動

於本期間，本集團購買在建工程、物業、廠房及設備共計約值人民幣31,456,000元(二零零五年：約值人民幣50,018,000元)。

10. 存貨

		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (已審核) RMB'000 人民幣千元
Raw materials - at cost	原材料—按成本	15,673	11,929
Work in progress	在製品		
– at cost	– 按成本	41,571	128,585
– provision	– 撥備	(598)	(1,036)
Finished goods	製成品		
– at cost	– 按成本	100,286	20,591
– provision	– 撥備	—	(233)
		156,932	159,836

II. TRADE AND NOTES RECEIVABLES

An aged analysis of the trade and notes receivables as at the balance sheet date, based on the invoice date, is as follows:

		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (已審核) RMB'000 人民幣千元
Trade receivables	應收貿易款項		
Outstanding balances with ages:	按賬齡劃分的尚欠餘額：		
Within 90 days	90日內	121,303	136,398
Between 91 and 180 days	91至180日	26,479	10,224
Between 181 and 270 days	181至270日	870	792
Between 271 and 360 days	271至360日	180	35
Over one year	一年以上	172	214
		149,004	147,663
Notes receivables	應收票據款項		
Outstanding balances with ages:	按賬齡劃分的尚欠餘額：		
Within 90 days	90日內	126,093	58,498
Between 91 and 180 days	91至180日	38,301	33,344
		164,394	91,842
		313,398	239,505

The Group's trading terms with its customers are mainly on credit. Invoices are normally payable within one month of issue, except for major customers, where the terms are extended to three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management.

11. 應收貿易及票據款項

按發票日期計，於結算日的應收貿易款項及應收票據款項賬齡分析如下：

	30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (已審核) RMB'000 人民幣千元
Trade receivables		
Outstanding balances with ages:		
Within 90 days	121,303	136,398
Between 91 and 180 days	26,479	10,224
Between 181 and 270 days	870	792
Between 271 and 360 days	180	35
Over one year	172	214
	149,004	147,663
Notes receivables		
Outstanding balances with ages:		
Within 90 days	126,093	58,498
Between 91 and 180 days	38,301	33,344
	164,394	91,842
	313,398	239,505

本集團主要按信貸方式與客戶交易。信貸期一般為期一個月，而主要客戶則可延長至三個月。本集團嚴謹監察其未償還應收款項，並設有信貸監控部門務求將信貸風險減至最低。高級管理層更會定期檢討逾期欠款。

12. TRADE AND NOTES PAYABLES

An aged analysis of the trade and notes payables as at the balance sheet date, based on the invoice date, is as follows:

Trade payables	應付貿易款項
Outstanding balances with ages:	按賬齡劃分的尚欠餘額：
Within 90 days	90日內
Between 91 and 180 days	91至180日
Between 181 and 270 days	181至270日
Between 271 and 360 days	271至360日
Over one year	一年以上

Notes payables	應付票據款項
Outstanding balances with ages:	按賬齡劃分的尚欠餘額：
Within 90 days	90日內
Between 91 and 180 days	91至180日

12. 應付貿易及票據款項

按發票日期計，於結算日的應付貿易及應付票據款項賬齡分析如下：

30 June	31 December
2006	2005
二零零六年	二零零五年
六月三十日	十二月三十一日
(Unaudited)	(Audited)
(未經審核)	(已審核)
RMB'000	RMB'000
人民幣千元	人民幣千元

		44,074	36,663
		486	3,761
		137	291
		74	152
		247	252
		45,018	41,119
		112,380	72,132
		59,103	91,009
		171,483	163,141
		216,501	204,260

Trade payables are non-interest-bearing and are normally settled on 90-day terms.

應付款項乃不計利息及一般按九十日除賬期繳付。

13. INTEREST-BEARING LOANS AND BORROWINGS

	Effective interest rate (%) 實際利率 (%)	Maturity 到期日	30 June	31 December
			2006	2005
			二零零六年 六月三十日 (Unaudited) (未經審核)	二零零五年 十二月三十一日 (Audited) (已審核)
			RMB'000 人民幣千元	RMB'000 人民幣千元
Bank loans – unsecured 銀行貸款 – 無抵押	1.98 % -2.52 %	Within six months or on demand 六個月內或於要求時	59,205	17,626

13. 計息貸款及借貸

14. SHARE CAPITAL

		Number of shares 股份數目		Amount 金額	
		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核)	31 December 2005 二零零五年 十二月三十一日 (Audited) (已審核)	30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核)	31 December 2005 二零零五年 十二月三十一日 (Audited) (已審核)
				HK\$'000 港幣千元	HK\$'000 港幣千元
Ordinary shares of HK\$0.1 each 每股面值港幣一毫之普通股	法定股本：	10,000,000,000	10,000,000,000	1,000,000	1,000,000
Issued and fully paid:	已發行及繳足股份：				
At beginning of the period/year 於期初／年初		800,000,000	800,000,000	80,000	80,000
Shares repurchased and cancelled 已購回及註銷的股份		(1,880,000)	—	(188)	—
Shares issued upon exercise of share options 行使購股權時發行股份		1,020,000	—	102	—
At end of the period/year 於期末／年終		799,140,000	800,000,000	79,914	80,000
Equivalent to RMB'000 等值人民幣千元				84,791	84,880

14. SHARE CAPITAL (Cont'd)

- (a) During the period, 1,020,000 share options under the Company's share option scheme were exercised. Accordingly, 1,020,000 ordinary shares of HK\$0.1 each were issued as a result of exercise of share options. The weighted average closing price immediately before the date on which the options were exercised is HK\$0.73.
- (b) The Company repurchased 1,880,000 its own shares through the Stock Exchange during the period at an aggregate consideration of HK\$1,217,800. The highest price and the lowest price paid per share were HK\$0.65 and HK\$0.5 respectively. The above shares were cancelled upon repurchase. Accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. The premium payable on repurchase was charged against the share premium account. An amount equivalent to the nominal value of the shares cancelled was transferred from retained profits to the capital redemption reserve.

Share options

Details of the Company's share option scheme and the share options exercised under the scheme are included in the Note 15 to the Interim Financial Information.

15. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible persons (including the Company's directors, employees of the Group and other eligible participants as defined under the Scheme) who contribute to the success of the Group's operations. The Scheme was adopted on 21 June 2003 and will remain in force for 10 years from that date until 20 June 2013.

14. 股本 (續)

- (a) 於本期間，1,020,000股根據本公司購股權計劃之購股權已獲行使。因此，1,020,000股每股面值港幣一毫之普通股已因該等購股權獲行使而發行。已行使的購股權於緊接行使日前一日之加權平均股份收市價為港幣七毫三仙。
- (b) 於本期間，本公司在香港聯合交易所購回1,880,000股本公司股份，總代價為港幣1,217,800元。而每股之最高價及最低價分別為港幣六毫五仙及港幣五毫。以上股份於購回後已被註銷。因此，本公司的已發行股本的面值相應地減少。於購回股份時支付的溢價已記入股份溢價賬。而相當於已註銷股份面值的金額則由保留溢利轉撥到資本贖回儲備。

購股權

有關本公司購股權計劃及根據該計劃而行使的購股權詳情載於中期財務資料附註15。

15. 購股權計劃

本公司設立一項購股權計劃(「計劃」)作為給予為本集團業務之成功作出貢獻的合資格參與者(包括本公司的董事，本集團的僱員及根據計劃所界定的其他合資格參與者)的激勵及獎勵。該計劃於二零零三年六月二十一日採納，並由該日起計十年內有效，直至二零一三年六月二十日止。

15. SHARE OPTION SCHEME (Cont'd)

Movements of Company's share options under the Scheme during the period are as follows:

Name or category of participant 參與者名稱或類別	Number of share options 購股權數目					Date of grant of share options (a) 授出購股權日期 (a) (日/月/年)	Exercise period of share options 購股權行使期間 (日/月/年)	Exercise price of share options (b) 購股權行使價 (b) HK\$ 港幣	Closing Price of the Company's shares (c) 本公司股份收市價格 (c) HK\$ 港幣
	At 1 January 2006 於二零零六年一月一日	Granted during the period 已授出	Exercised during the period 已行使	Lapsed during the period (d) 已失效 (d)	At 30 June 2006 於二零零六年六月三十日				
Director 董事									
Mr. Xu Kehan 許克寒先生	1,500,000	—	—	—	1,500,000	17/11/04	17/11/05 - 16/11/10	0.63	0.62
Chief Executive Officer 行政總裁									
Mr. Dong Shao Zhi 董紹志先生	2,000,000	—	(400,000)	—	1,600,000	17/11/04	17/11/05 - 16/11/10	0.63	0.62
Other employees 其他僱員									
In aggregate 總計	1,000,000	—	—	—	1,000,000	17/11/04	17/11/05 - 16/11/10	0.63	0.62
	21,660,000	—	(620,000)	(2,300,000)	18,740,000	28/12/04	28/12/05 - 27/12/10	0.58	0.59
	22,660,000	—	(620,000)	(2,300,000)	19,740,000				
Other participant 其他參與者									
	400,000	—	—	—	400,000	05/05/05	05/05/06 - 04/05/09	0.50	0.49
	26,560,000	—	(1,020,000)	(2,300,000)	23,240,000				

- (a) The vesting period of the share options is from the date of the grant until the commencement of the exercise period.
- (b) The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- (c) The price of the Company's shares disclosed as at immediate date before the grant of the share options is the Stock Exchange closing price on the trading day immediately prior to the date of grant of the options.
- (d) Options lapsed in accordance with the terms of the Scheme due to resignation of employees.

15. 購股權計劃 (續)

關於該計劃下之購股權於本期間變動資料載列如下：

- (a) 購股權的歸屬期為授出日期至行使期開始為止。
- (b) 倘進行供股或發行紅股或本公司股本出現其他類似變動，則購股權的行使價須予以調整。
- (c) 於授予購股權前一天所披露的本公司股份價格為緊接授予購股權當日前一個交易日的聯交所收市價。
- (d) 基於僱員辭任職務，購股權根據計劃的條款而予以失效。

15. SHARE OPTION SCHEME (Cont'd)

The price of the Company's shares disclosed immediately before the exercise date of the share options is the weighted average of the Stock Exchange closing prices of the shares immediately before the dates on which the options were exercised over all of the exercises of options within the disclosure line. The weighted average closing price of Company's shares immediately before the dates on which the options were exercised is HK\$0.73.

For the six months ended 30 June 2006, no share options were granted or cancelled. At the balance sheet date, the Company had 23,240,000 share options outstanding under the Scheme, which represented approximately 3% of the Company's shares in issue as at that date. The exercise in full of the remaining share options would, under the present capital structure of the Company, result in the issue of 23,240,000 additional ordinary shares of the Company, additional share capital of HK\$2,324,000 and share premium of HK\$11,328,200 (before share issue expenses).

The fair value of equity-settled share options granted was estimated as at the date of grant, using a Black-Scholes-Merton valuation model, taking into account the terms and conditions upon which the options were granted. Such value is inherently subjective and uncertain due to the assumptions made and the limitation of the valuation model used. For details of the significant assumptions used to estimate the value of the option, please refer to the Company's Annual Report 2005 on page 112. The expense recognised in the condensed consolidated income statement during the period is set out in Note 5 to the Interim Financial Information.

15. 購股權計劃 (續)

於緊接購股權行使日期前披露的本公司股份價格為股份於緊接披露類別的所有購股權行使日期前一日的聯交所股份收市價的加權平均數。已行使的購股權於緊接行使日前一日的加權平均股份收市價為港幣七毫三仙。

截至二零零六年六月三十日止六個月，概無任何購股權被授出或註銷。於結算日，本公司根據計劃尚有23,240,000份購股權尚未行使，約相當於本公司於該日期已發行股份的3%。根據本公司現有資本架構，悉數行使餘下的購股權將導致本公司額外發行23,240,000股普通股以及產生港幣2,324,000元額外股本和港幣11,328,200元股份溢價(未計股份發行開支)。

授予以股本結算的購股權的公允值乃於授予購股權當日以柏力克-舒爾斯估值模式估計，並已考慮授予購股權的條款及條件。鑑於有關假設及所使用的估值模式存在限制，有關價值本身含主觀成分及不確定因素。有關估算購股權價值的重要假設詳情，請參閱本公司二零零五年年報內第112頁。本期間，於簡明合併利潤表中確認之有關支出已載於中期財務資料附註5。

16. RESERVES

The amounts of the reserves and the movements therein for the six months periods are presented in the condensed consolidated statement of changes in equity on page 26 of the Interim Financial Information.

(i) Contributed surplus

The contribution surplus of the Group represents the difference between the aggregate of the nominal value of the paid-up capital of the subsidiaries acquired pursuant to the group reorganisation, over the nominal value of the Company's shares issued in exchange therefor.

(ii) Statutory surplus reserve ("SSR")

In accordance with the Company Law of the PRC and the articles of association of the Mainland China subsidiaries, the Mainland China subsidiaries are each required to allocate 10% of their profit after tax, as determined in accordance with PRC generally accepted accounting principles, to the SSR until such reserve reaches 50% of the registered capital of the Mainland China subsidiaries. Part of the SSR may be converted to increase paid-up capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iii) Exchange fluctuation reserve

The Exchange fluctuation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also used to record the effect of hedging net investments in foreign operations.

16. 儲備

於六個月期間的儲備金額及變動已載於中期財務資料第26頁的簡明合併權益變動表內。

(i) 繳入盈餘

本集團的繳入盈餘指集團重組所收購附屬公司的繳足股本總面值與本公司為換取有關股本而發行的本公司股份面值的差額。

(ii) 法定盈餘公積金

根據中國公司法及中國附屬公司的公司章程，中國附屬公司各自須按中國公認會計準則，將其稅後溢利的10%分配至法定盈餘公積金，直至法定盈餘公積金達到中國附屬公司註冊資本的50%。部分法定盈餘公積金可轉為繳足股本以增加股本，惟資本化後的餘額不可低於註冊資本的25%。

(iii) 匯兌波動儲備

匯兌波動儲備乃用作記錄換算外國附屬公司的財務報表所產生的匯兌差額，亦用作記錄對沖外國經營活動的淨投資的影響。

17. COMMITMENTS

(a) Operating lease commitments

At 30 June 2006, the Group had total future minimum lease rentals payable under non-cancellable operating leases falling due as follows:

		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (已審核) RMB'000 人民幣千元
Within one year	一年內	1,443	1,094
In the second to fifth years, inclusive	第二至五年， 包括首尾兩年	3,635	1,555
After five years	五年以上	458	647
		5,536	3,296

(b) Capital commitments

Contracted, but not provided for: 已訂約，但未作撥備：

Information system software	訊息系統軟件	—	472
Land use rights	土地使用權	4,454	4,368
Buildings	樓宇	—	7,425
Plant and machinery	廠房及機器	1,613	1,553
		6,067	13,818
Authorised, but not contracted for:	已授權，但未訂約：		
Buildings	樓宇	3,399	—
Plant and machinery	廠房及機器	40,083	23,941
		43,482	23,941
		49,549	37,759

17. 承擔

(a) 營業租賃承擔

截至二零零六年六月三十日，本集團根據不可撤銷經營租約於日後未來應付最低租賃款項總額如下：

		30 June 2006 二零零六年 六月三十日 (Unaudited) (未經審核) RMB'000 人民幣千元	31 December 2005 二零零五年 十二月三十一日 (Audited) (已審核) RMB'000 人民幣千元
Within one year	一年內	1,443	1,094
In the second to fifth years, inclusive	第二至五年， 包括首尾兩年	3,635	1,555
After five years	五年以上	458	647
		5,536	3,296

(b) 資本承擔

Contracted, but not provided for: 已訂約，但未作撥備：

Information system software	訊息系統軟件	—	472
Land use rights	土地使用權	4,454	4,368
Buildings	樓宇	—	7,425
Plant and machinery	廠房及機器	1,613	1,553
		6,067	13,818
Authorised, but not contracted for:	已授權，但未訂約：		
Buildings	樓宇	3,399	—
Plant and machinery	廠房及機器	40,083	23,941
		43,482	23,941
		49,549	37,759

18. RELATED PARTY TRANSACTIONS

During the period, the Group had the following material related party transactions:

Compensation of key management personnel:

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (Unaudited) (未經審核) RMB'000 人民幣千元	2005 二零零五年 (Unaudited) (未經審核) RMB'000 人民幣千元
Short-term employee benefits	短期僱員福利	2,916	3,139
Post-employment benefits	退休後福利	48	49
Share-based payments	以股份為基礎的支付方式	109	384
		3,073	3,572

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing loans and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Cash flow interest rate risk

The Group's interest rate risk relates primarily to interest-bearing loans and borrowings which exposed the Group to cash flow interest rate risk. It is the policy of the Group to monitor closely the interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

18. 關連方交易

本期間，本集團有以下重大關連方交易：

主要管理人員酬金：

		For the six months ended 30 June 截至六月三十日止六個月	
		2006 二零零六年 (Unaudited) (未經審核) RMB'000 人民幣千元	2005 二零零五年 (Unaudited) (未經審核) RMB'000 人民幣千元
Short-term employee benefits	短期僱員福利	2,916	3,139
Post-employment benefits	退休後福利	48	49
Share-based payments	以股份為基礎的支付方式	109	384
		3,073	3,572

19. 金融風險管理目標及對策

本集團的金融工具以計息貸款以及現金及短期存款為主。持有該等金融工具之目的主要為本集團的經營籌措資金。此外，本集團擁有應收貿易款項及應付貿易款項等其他各種財務資產及負債，此乃由其經營直接產生。

本集團金融工具所涉及的主要風險為現金流量利率風險、信貸風險及流動資金風險。以下為董事會檢討並同意管理上述每項風險的政策之概要。

現金流量利率風險

本集團之利率風險主要與計息貸款及借貸有關，該等貸款及借貸令本集團須承受現金流量利率風險。本集團政策乃密切監察利率風險，並於有須要時考慮就重大利率風險進行對沖。

19. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Cont'd)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and short term deposits, other receivables and financial assets at fair value through profit or loss, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Liquidity risk

The Group manages liquidity risk by maintaining a balance between continuity of funding and flexibility through the use of interest-bearing loans and borrowings.

20. COMPARATIVE FIGURES

Certain comparative figures have been adjusted to conform with the current period's presentation.

21. APPROVAL OF THE INTERIM FINANCIAL REPORT

These condensed consolidated interim financial statements were approved and authorised for issue by the board of directors on 22 August 2006.

19. 金融風險管理目標及對策 (續)

信貸風險

本集團僅與該等享譽盛名兼信譽可靠的第三者進行交易。按照本集團的政策，所有擬按信貸期進行交易的客戶，必須經過信貸核實程序後，方可落實。此外，本集團會持續監察應收結餘的情況，而本集團的壞賬風險並不重大。

就有關本集團其他財務資產的信貸風險，其中包括現金及短期存款、其他應收款項及按公允值計入利潤表的財務資產，本集團因對方違約所產生的信貸風險，上限相等於該等工具的賬面值。

由於本集團僅與該等享譽盛名兼信譽可靠的第三者進行交易，故不需要任何抵押。

流動資金風險

本集團透過利用計息貸款及借貸，在資金延續性與靈活性之間維持平衡，以達至管理流動現金風險。

20. 比較數字

若干比較數字曾作調整，以符合本期間的呈列方式。

21. 中期財務報告的批准

簡明合併中期財務報表已於二零零六年八月二十二日獲董事會批准及授權發行。

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