

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 2006.

RESULTS

The Group has recorded the revenue of approximately RMB788,797,000 (2005: RMB734,002,000) for the year ended 31 December 2006, which was increased by 7.5% from the revenue of 2005. Net profit attributable to equity holders was approximately RMB65,781,000 (2005: RMB105,646,000), which was decreased by 37.7% from the profit of 2005. The decline in profit was mainly due to the drastic changes in the pharmaceutical market of PRC, the price fluctuation of the main raw material 7-ACA and the increase in expenditure on the Group's production technique improvement in 2006.

FINAL DIVIDEND

The Board has declared a final dividend of HK\$0.017 per share for the year ended 31 December 2006, approximately amounting to the total sum of HK\$13,585,000 (approximately equivalent to RMB13,654,000).

Considering the interim dividend of HK\$0.015 per share, the total annual dividend distribution for the year ended 31 December 2006 is HK\$0.032 per share. The dividend payout ratio of is approximately 39%.

OVERVIEW

1. Cephalosporin

The Group is engaged in the manufacturing, sales and marketing of non-patented chemical drugs in the People's Republic of China (the "PRC") covering various drug formulations including cephalosporin bulk medicines and powder for injections. The Group is one of the few third generation cephalosporin manufacturers in the PRC which adopted the comprehensive vertically-integrated-production-process. The Group's solvent-crystallization technique for producing cefoperazone has become the competitive technology in the PRC.

2. Generic Drugs (System Specialty Drugs)

According to the arrangement for adjusting the Group's product portfolio, sales of the Group's high gross profit margin products, generic drugs (system specialty drugs), grew significantly in 2006. Its account on the total sales increased from 8.8% in 2005 to 11.2% in 2006.

3. Export Sales

In 2006, the Group's export sales achieved RMB73,396,000, representing over 9% of total sales, significantly grew by 85.8% as compared with the corresponding period of last year.

致各股東：

本人欣然代表東瑞製藥(控股)有限公司(「本公司」)之董事會提呈本公司及其附屬公司(統稱「本集團」)截至二零零六年十二月三十一日止年度之業績報告。

業績

本集團截至二零零六年十二月三十一日止錄得營業額約人民幣788,797,000元(二零零五年：人民幣734,002,000元)，比二零零五年增長7.5%。權益持有人應佔淨溢利約人民幣65,781,000元(二零零五年：人民幣105,646,000元)，比二零零五年減少約37.7%。利潤減少幅度較大，主要是因為於二零零六年中國醫藥市場環境變動較大，主要生產原料7-ACA價格波動，以及本集團技術改造的支出加大等原因所致。

末期派息

董事會決議宣派截至二零零六年十二月三十一日止年度末期股息為每股港幣0.017元，合共約港幣13,585,000元(約相當於人民幣13,654,000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0.032元，派息比例約39%。

概覽

1. 頭孢菌素

本集團主要在中國從事生產及銷售非專利化學藥物，包括原料藥和粉針劑的頭孢菌素用藥，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。目前的頭孢哌酮溶媒結晶技術在國內具有競爭力。

2. 仿製藥(專科用藥)

根據本集團調整產品結構的部署，在二零零六年本集團的高毛利率產品—仿製藥(專科用藥)銷量大幅增長。其銷售額佔總銷售額的比例從二零零五年的8.8%增至二零零六年11.2%。

3. 出口銷售

本集團的出口銷售在二零零六年達到人民幣73,396,000元，比二零零五年增長85.8%，超過本集團全年銷售的9%。

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4. Development Strategies

The Group has been continuously optimizing its product portfolio, striving to develop the generic drugs' (system specialty drugs) market and overseas market, enhancing investments in research and development ("R&D") and markets, attracting and recruiting talented people in order to create actively a new profitable platform since listed on the Main Board of The Stock Exchange of Hong Kong Limited ("the Main Board").

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.

THE CREATION OF FUTURE TOGETHER WITH TALENTED STAFF

The Group has been devoting to train and recruit talents and expertise in order to meet the needs for the rapid development in achieving systematization, professionalization and internationalization since listed on the Main Board. The Group 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.

Li Kei Ling
Chairman

Hong Kong, 22nd March 2007

4. 發展戰略

本集團於香港聯合交易所有限公司主板(「聯交所主板」)上市以來，不斷優化產品結構、努力發展專科用藥市場和海外市場，加大研發和市場投資力度，吸引人才，積極建造新的盈利平臺。

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。

企業人才、共創未來

本集團於聯交所主板上市後，為適應企業規範化、專業化、國際化發展的需要，本集團致力於培養及招募人才。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形資產，更是推動本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。

主席
李其玲

香港，二零零七年三月二十二日