



東瑞製葯（控股）有限公司
Dawnrays Pharmaceutical (Holdings) Limited

(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立的有限公司)

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FOR IMMEDIATE RELEASE

PRESS RELEASE

Attn: Business Editor

Dawnrays Pharmaceutical (Holdings) Limited

Announced Interim Results For The Six Months Ended 30 June 2010

Net profit after tax jumped 71.3% to RMB 87.50 million
An interim dividend of HK\$ 0.02 per share was declared

(Hong Kong, 27 August 2010) **Dawnrays Pharmaceutical (Holdings) Limited** (“Dawnrays Pharma” or the “Group”, Stock Code: 2348) announced interim results for the six months ended 30 June 2010. Turnover amounted to approximately RMB 626,357,000 (2008 interim: RMB 495,550,000), representing an increase of 26.4% compared with the corresponding period of last year. Profit attributable to equity holders of the parent amounted to approximately RMB 87,500,000 (2008 interim: RMB 51,117,000), representing an increase of 71.2% when compared to that of last year. Basic earnings per share was approximately RMB 0.1106 (2008 interim: RMB 0.0656). The Board has resolved to declare an interim dividend of HK\$ 0.02 per share for the year ending 31 December 2010 (2008 interim: HK\$ 0.018).

During the period under review, the production and sales volume of bulk medicines of the Group increased by 24.3% and 33.5% respectively as compared to the corresponding period of last year. The production and sales volume of powder for injections decreased by 14.8% and 15.8% respectively over the corresponding period of last year. The production and sales volume of system specific medicines in solid-dosage-forms also increased by 19.3% and 26.7% respectively over that of last year. Riding on its presence in the China’s pharmaceutical market, the Group attaches importance to prompt export sales. Currently marketing authorisation of 29 products have been successfully approved and registered in 5 countries including Russia, India and also in Hong Kong.

Gross profit was approximately RMB 199,736,000 (2008 interim: RMB 142,541,000), equivalent to an increase of 40.1% compared with the corresponding period of last year. The gross profit margin was increased from 28.8% to 31.9% as compared with the corresponding period of last year.

Ms. Li Kei Ling, Chairman of Dawnrays Pharma, said, “The pharmaceutical industry in China as a whole has been benefited from the healthcare policies formulated by the Central Government, which will develop and upgrade the entire pharmaceutical industry and many of its firms in China. The principle, capability and strategic development of Dawnrays Pharma being established based on the business relationships between the Group and its stakeholders must adapt to and even predict the likelihood of changes in technology, the trends of the healthcare market and the adjustments in governmental policies. The Group always considers product quality as the first priority, thus creating value for all the stakeholders including hospitals, doctors and patients. The Group also takes its responsibilities seriously and carefully to manage the environmental impact of its pharmaceutical plants. We do not only create financial prosperity for all our shareholders but also deliver societal and economic values to all the stakeholders and local governments.”

The Group gave a review to its overall performance in the first half of 2010. With respect to sales, the bulk medicine and system specific medicine businesses have been the main driver for revenue growth. The production capacity of Dawnrays (Nantong) Pharmaceutical Science and Technology Co., Ltd. was incrementally utilized, resulting in the increase in sales volume of bulk medicines and solid-dosage-form medicines (most are system specific medicines) accordingly. In addition, the rise in average sales price of bulk medicines as compared with corresponding period of last year, along with the Group’s effort to optimize the product portfolio by expanding the sales proportion of solid-dosage-form to the total turnover and the increase in the sales of relatively higher gross profit margin products in the powder for injections have improved the gross profit contribution.

For the antibiotic bulk medicine business, the Group continues to treat quality as the first priority when it makes raw material procurement decisions. The vertical integrated process enables the Group to internally control all the steps of chemical manufacturing, not only in terms of the cost but also in terms of the quality. This manufacturing arrangement illustrates the outstanding quality management philosophy of the Group and also provides a concrete explanation for the high growth of its bulk medicine business. Second, for the system-specific medicine business, as a generic drug manufacturer, the competitive advantage is derived by quick production, process innovation and effective market penetration. A deep understanding of China’s pharmaceutical market and product positioning capability enable the relatively high margin for the system-specific medicine business. Third, based upon the capital market in Hong Kong, the Group incrementally establishes strategic development and business development infrastructures. Because the pharmaceutical market in China is highly likely to be a super-competitive market for high-end generic products, the Group actively seeks and develops strategic

partnerships with technology-intensive firms, especially the ones located overseas. The Group aims to strengthen the positive synergy between the capital market in Hong Kong and the product marketplace in China.

On the research and development front, the Group applied to the State and/or Provincial Food and Drug Administration to register a total 15 products for 17 registrations in the first half of 2010. Accordingly, the Group received 1 production permit, 10 supplemental production permits and 1 clinical permit. There are on-going clinical trials for 4 products and another 2 products have completed clinical trials.

With regarding to technological improvement and key construction projects, the Group has initiated relevant construction projects for the expansion of production facilities. In respect of Phase I of the project in Hedong Industrial Park of Suzhou Dawnrays Pharmaceutical Co., Ltd., civil works of a non-cephalosporin bulk medicine workshop were completed and the design for the utility works for this project was also completed. Besides, the design works for the non-cephalosporin solid-dosage-form workshop has commenced; in respect of the Phase II project of Dawnrays (Nantong) Pharmaceutical Science and Technology Co., Ltd., the equipment installation works of the non-cephalosporin intermediates has commenced; furthermore, the construction for the workshop for oral cephalosporin intermediates in Suzhou Dawnrays Chemical Co., Ltd. has entered the environmental impact assessment stage.

With respect to environmental protection measures, the Group do emphasize on technological innovation and environmental friendly production. It works to enhance the environmental protection capability and improve the pollution control facilities.

The Group has good reasons to believe that the State formulated the relevant national policies in order to enhance the global competitiveness of domestic firms by strengthening the sustainability of the pharmaceutical sector. Looking ahead, the Group will enhance the sustained innovation capability and develop a few world-class professional research and development projects and an internationally accredited Good Manufacturing Practice (“GMP”) standard. In addition, the Group will strengthen cooperation with international pharmaceutical firms and domestic participations in communicating with industrial associations, and hopefully the outcome will be an information and technology platform for new products. Under the business environment of the national medical reform on the distribution system, the Group will optimize the product portfolio and marketing penetration strategies in each region of China.

About Dawnrays Pharmaceutical (Holdings) Limited

Dawnrays Pharmaceutical (Holdings) Limited (Stock Code: 2348) is a leading vertically integrated pharmaceutical group in China with core competencies in the manufacturing of Cephalosporins and system specific medicines. Founded in 1995, the Group was listed on the Main Board of the Stock Exchange of Hong Kong in July 2003.

Dawnrays Pharma is among one of the earliest pharmaceutical companies in China granted the GMP certification. The Group is principally engaged in the development, manufacturing and sales of Cephalosporins and various system specific medicines. Dawnrays Pharma is one of the few comprehensive vertically integrated 3rd generation Cephalosporin manufacturers in China, adopting distinctive production process from pharmaceutical intermediates to bulk medicines and pharmaceutical preparations. Its system specific medicines cover a wide range of therapeutic areas for anti-allergic, cardiovascular system, digestive system, urinary system and endocrine system, etc. The dosage forms of the Group's pharmaceutical preparations include powder for injections, tablets, capsules and granules, etc.

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This press release is issued by Dawnrays Pharmaceutical (Holdings) Limited.
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Financial Highlights

Dawnrays Pharmaceutical (Holdings) Limited

Announced Interim Results For The Six Months Ended 30 June 2010

For the six months ended 30 June

	2010 (Unaudited) RMB '000	2009 (Unaudited) RMB '000
Revenue	626,357	495,550
Cost of sales	<u>(426,621)</u>	<u>(353,009)</u>
Gross profit	199,736	142,541
Other income and gain	5,545	1,034
Selling and distribution costs	(52,805)	(44,666)
Administrative expenses	(24,789)	(23,023)
Other expenses	(19,771)	(9,399)
Finance costs	(130)	(292)
Profit before tax	107,786	66,195
Income tax	<u>(20,288)</u>	<u>(15,118)</u>
Profit for the period	87,498	51,077
Attributable to :		
Equity holders of the parent	87,500	51,117
Non-controlling interest	<u>(2)</u>	<u>40</u>
	87,498	51,077
Dividends	<u>13,877</u>	<u>12,447</u>
Earnings per share attributable to ordinary equity holders of the parent		
– basic, for profit for the period	<u>RMB 0.1106</u>	<u>RMB 0.0656</u>
– diluted, for profit for the period	<u>RMB 0.1098</u>	<u>RMB 0.0654</u>