



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

Listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 2348)

2008 Annual Results

Corporate Presentation

Hong Kong, 26 March 2009





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Results Highlights

Ms. Li Kei Ling
Chairman





Financial Highlights

For the year ended 31 December Audited	FY 2008 RMB '000	FY 2007 RMB '000	Change %	
Revenue	947,710	919,945	↑	3.0
Gross Profit	256,663	239,502	↑	7.2
Profit before tax	115,716	111,537	↑	3.7
Profit for the year	102,131	101,157	↑	1.0
Earnings per share – Basic (RMB)	0.1290	0.1260	↑	2.4
Proposed Final Dividend per share (HK\$)	0.040	0.038	↑	5.3



Final Dividend

The Board has resolved to declare a final dividend of **HK\$ 0.040** per share for the year ended 31 December 2008, approximately amounting to the total sum of **HK\$ 31,157,000** (approximately equivalent to **RMB 27,477,000**).

Taking into consideration of the interim dividend of **HK\$ 0.018** per share, the total annual dividend distributed for the year is **HK\$ 0.058** per share (2007: **HK\$ 0.053** per share), representing an approximately increase of **9.4%** compared with last year. The dividend payout ratio is approximately **40%**.



Industry & Results Review

System specific medicines have been the main driver for business growth

- In the 5 years since the Group's listing, the Group has been persisting in the expansion of its penetrating strength in cardiovascular system specific medicine market and focusing on establishing expert network and academic promotion
- The market share of system specific medicines has been further expanded, which further improved the sales volumes, as well as the gross profit margin of the Group as a whole, and further optimized the structure of products

Adhered to the financial principle of tight cost control

- Continued to optimize technologies of the manufacturing process, as such, production cost was further reduced

Managed to maintain healthy and stable financial structure

- Under the current economic environment of credit crisis and financing difficulties caused by financial crisis which the world is facing, all the development projects of the Group for the year ended 31 December 2008 have been funded by its own sufficient capital resources

Development of the overseas export business was affected by various special events

- Chinese export enterprises faced a higher "non-tariff barriers" due to the "anti-dumping" policy of the India market and the strengthening of inspection by Europe and America on China manufactured foods and drugs



Industry & Results Review (Cont'd)

Continuous improvement in the technology platform and quality control system

- The Board believes that the entry barrier of China medicine market will be enhanced in the coming few years. Currently, the Group is constructing or planning to construct cephalosporin and system specific medicine manufacturing facilities and production systems that can meet the American or European standards
- Take corporate social responsibility and build up a trust and reliable enterprise brand and social image in the mindset of the doctors and consumers

The performance is not positively correlated with the crises of the US financial industry

- In general, the development of medicine projects needs capital investment for more than one year. The Group's investment decision is formulated based on a long-term orientation and the huge medicine market of China, but not on the short fluctuation of economic cycle

The China medicine market is still in the progress of further institutionalization and systemization

- Step by step, the central government of China is committed to establish a nationwide medical insurance system at all levels. In such a progress, the Group will systematically observe and analyze the implementation and adjustment of national industry policy, which will lead it to launch relevant marketing strategy with prudence and establish itself as a “knowledge and technology-intensive” enterprise with in-depth understanding about the China market and leading technology

Establish cooperative partnership with overseas countries

- In the markets outside China, the Group will continue to devote its focus on the regions which have growth potential, with a strategy to seize the opportunities through establishing cooperative partnership in those areas

Business Review

Mr. Gao Yi

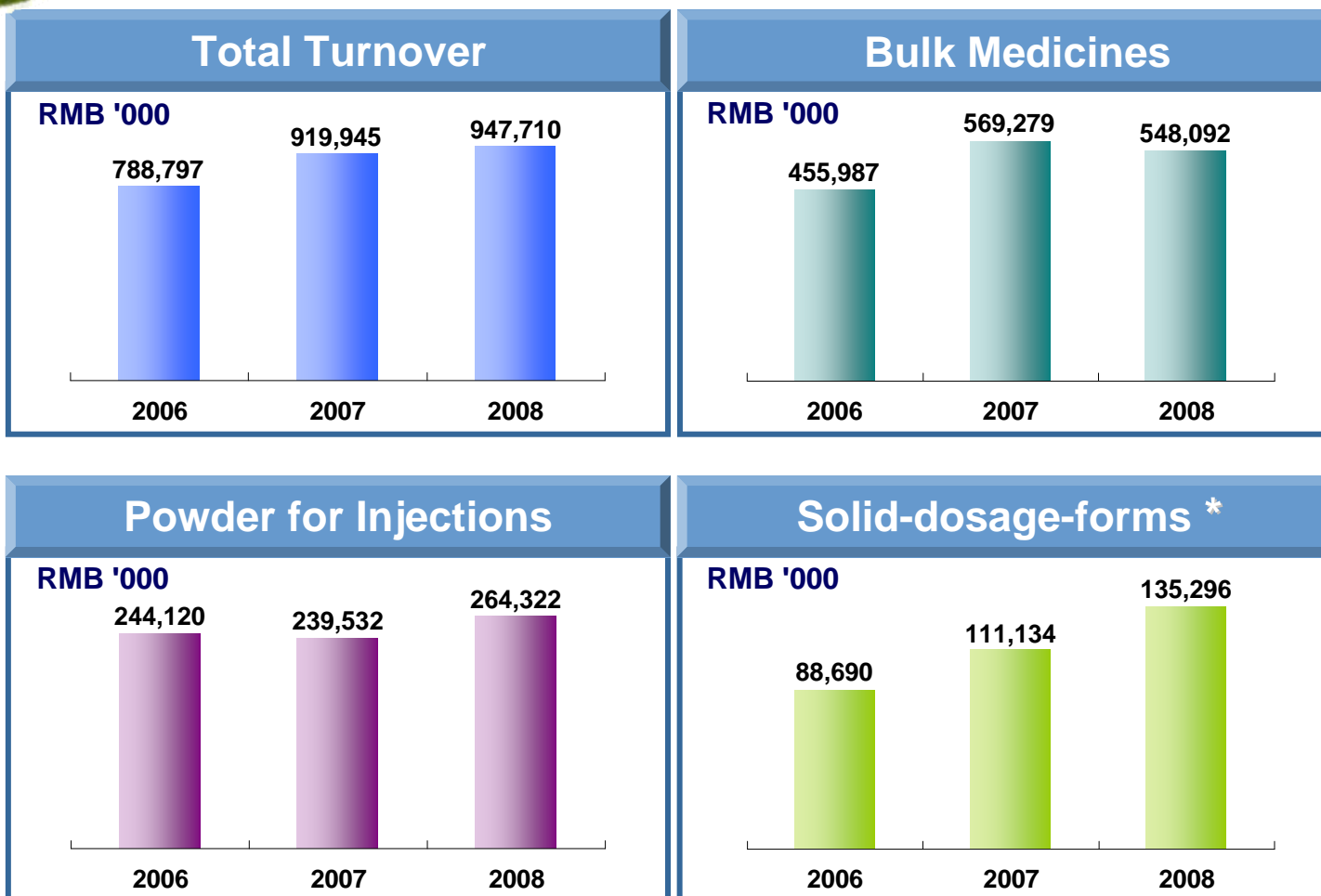
Chief Executive Officer





Turnover

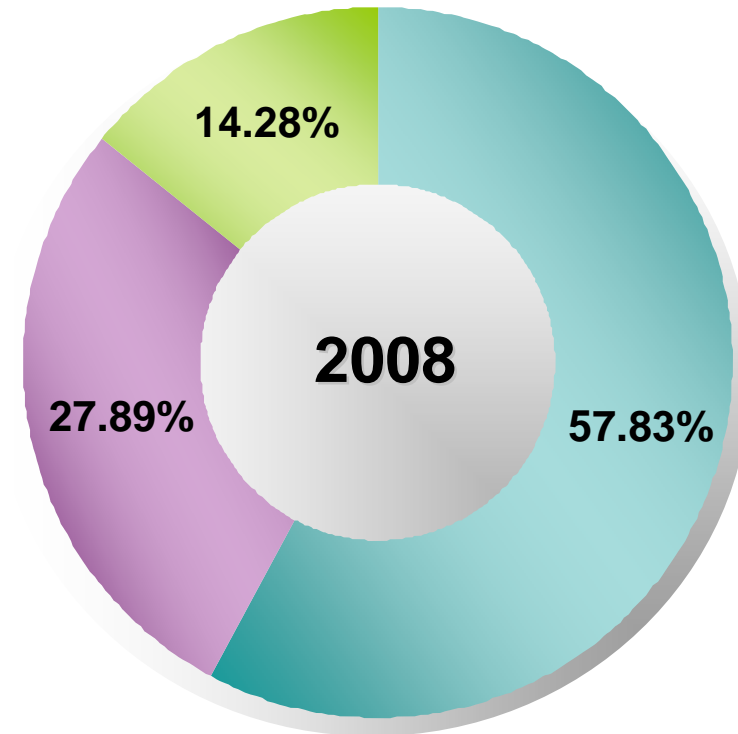
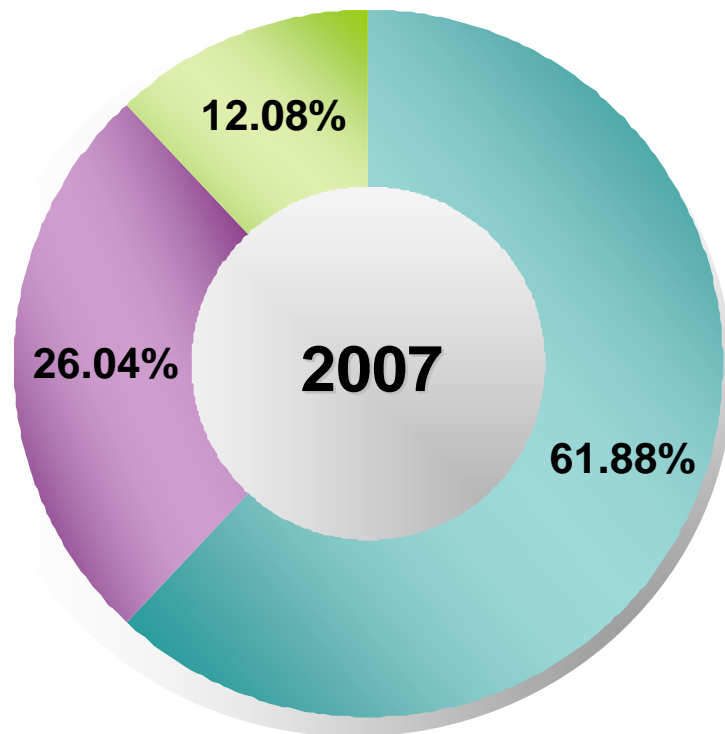
For the year ended
31 December
Audited








Sales Breakdown

For the year ended
31 December
Audited



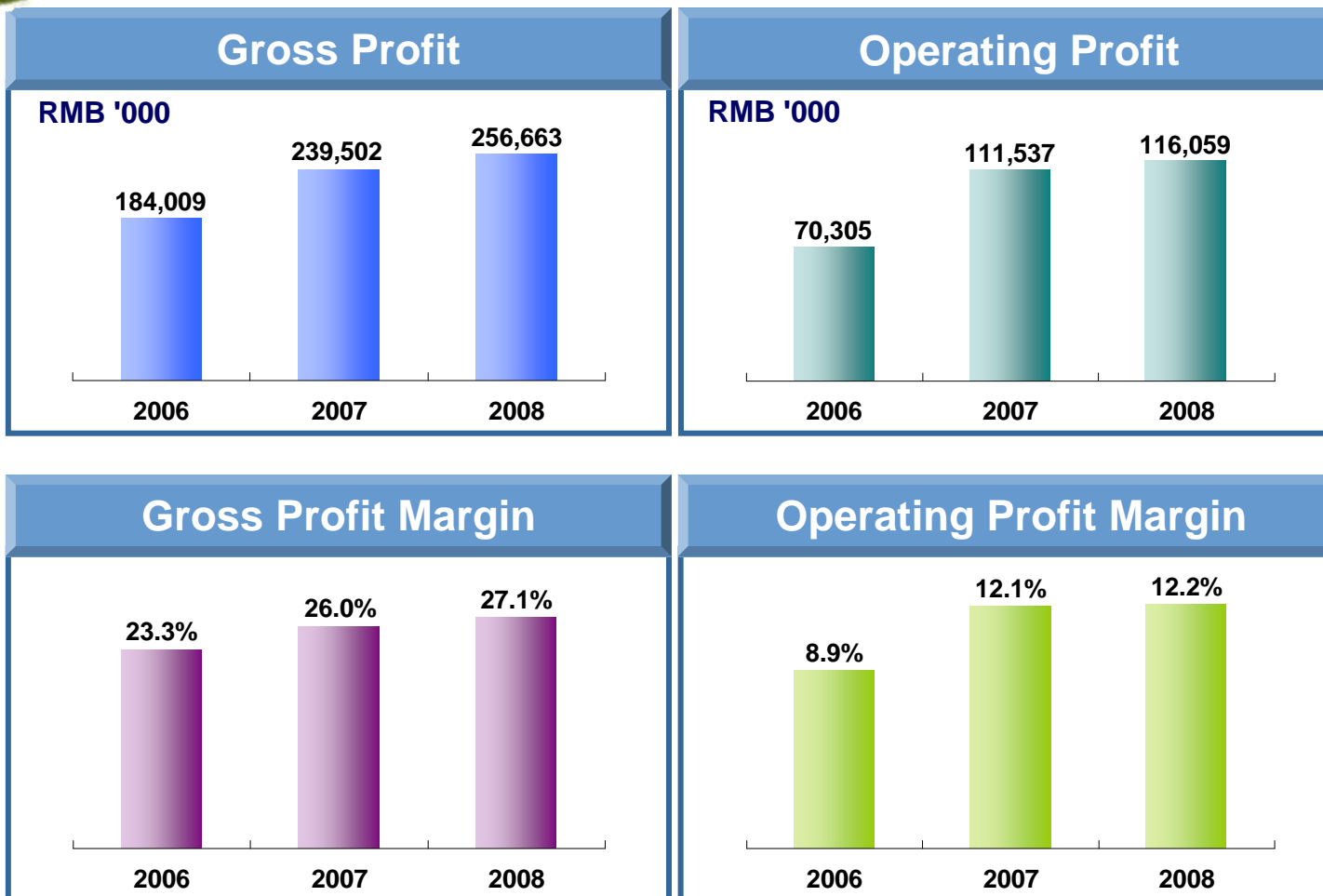
-  Bulk Medicines
-  Powder for Injections
-  Solid-dosage-forms

(most are system specific medicines)



Gross Profit & Operating Profit

For the year ended
31 December
Audited





New Product Development

In 2008, the Group had applied to the Provincial & State Food and Drug Administration of the PRC :

Applied registration :
a total of **16** products

Applied registration :
23 events

Production permit : **8** ➔ **7** products ; Certificate of new pharmaceutical product : **3**

Supplemental production permit : **10** ➔ **10** products

Clinical trial permit : **6** ➔ **4** products

Clinical Trial Projects

Completed trials : **5** products

Engaged in trials : **3** products



Expansion Plans

Pharmaceutical Chemical Intermediates

Dawnrays (Nantong) Pharmaceutical Science and Technology Co., Ltd.

- The major production workshop in phase I was completed in November 2008. It had achieved successful trial production and was put into commercial production smoothly

Suzhou Dawnrays Chemical Co., Ltd.

- Phase II works of waste water treatment systems had basically completed to strengthen its energy-saving and emission-reduction measures, which enhanced its ability in protection of community environment

Bulk Medicines

Suzhou Dawnrays Pharmaceutical Co., Ltd.

- Civil engineering works of the new bulk medicine workshop had been completed and had reached the stage of equipment installation and commissioning. The production line was expected to produce on schedule
- In response to the new GMP requirements in China, applicable reconstruction work for the existing two bulk medicine workshops had been carried out

Pharmaceutical Preparations

Suzhou Dawnrays Pharmaceutical Co., Ltd.

- Applicable transformation of the China GMP for its two pharmaceutical preparation workshops had been carried out. Also, the Group implemented production expansion transformation for the solid pharmaceutical preparation workshop among those workshops, so as to enhance its production capacity
- Project studies for the local land newly acquired had been conducted and it intended to be used for producing non-cephalosporin bulk medicines and pharmaceutical preparations. The initial design of this project had been completed and submitted to the local government for approval



Prospects

**Effectively mitigated the adverse factors
Established corresponding risk avoidance measures**

- In 2008, the prices of chemical and energy commodities in global market experienced significant fluctuation. This brought violent fluctuation in the price of every production material. In the process of formulating production plan and cost budget, the Group has devoted proper management resources to control every production cost in budget, which effectively reduces the impact of adverse factors on the Group's business

Support of the State's policy has fostered a growing operational environment for the pharmaceutical enterprises in China

- Governments at all levels in China are expected to invest RMB 850 billion within three years. The coverage rate of the basic medical insurance system for urban residents and the new type of rural cooperative medical care system will be increased to over 90% within three years of implementing the schemes
- Under the support of medical reform measures, the medicine market's capacity of China will expand gradually and the demand for basic medicines will increase simultaneously
- The Group estimates that its major products will be included into the "National Basic Drugs Catalogue", which will promote the sales of such products in a more effective manner

Accurately estimated the reform trend of the medicine market

- The Group has strictly adjusted the production and sales strategy in accordance with budget, improved the enterprise's management mechanism, optimized the business model, controlled the construction period of new industrial platform, set forth its development in a timely, proper and appropriate manner, actively reconstructed its product chain and improved its core competitiveness

Financial Review

Ms. Wu Jihong
Financial Controller





Income Statements

For the year ended 31 December	FY 2008	FY 2007	FY 2006
Audited	RMB '000	RMB '000	RMB '000
Turnover	947,710	919,945	788,797
Gross Profit	256,663	239,502	184,009
Net Profit	102,131	101,157	65,878
Margin			
Gross Profit Margin	27.1%	26.0%	23.3%
Net Profit Margin	10.8%	11.0%	8.4%
EPS & Dividends			
EPS (Basic) (RMB)	0.1290	0.1260	0.0823
EPS (Diluted) (RMB)	0.1284	0.1253	0.0818
Dividend per share (HK\$)			
— Interim	0.018	0.015	0.015
— Final	0.040	0.038	0.017



Balance Sheets

For the year ended 31 December Audited	FY 2008 RMB '000	FY 2007 RMB '000	FY 2006 RMB '000
Assets & Liabilities			
Non-current Assets	366,641	298,310	270,831
Current Assets	608,574	553,088	487,506
Current Liabilities	346,002	272,392	245,290
Net Assets <i>(total assets less current liabilities)</i>	629,213	579,006	513,047
Equity			
Equity Attributable to Equity Holders	628,541	578,352	512,257
Equity per share (RMB)	0.81	0.73	0.64
Aggregated Bank Facilities Granted	595,000	543,400	463,400



Key Financial Ratios

For the year ended 31 December Audited	FY 2008	FY 2007	FY 2006
Current Ratio	1.76	2.03	1.99
Turnover Days for Trade and Notes Receivables (day)	139	123	121
Turnover Days for Inventory (day)	74	69	87
Debt Ratio <i>(defined as bank advances for discounted bills over total assets)</i>	2.6%	0%	3.3%
Debt to Assets Ratio <i>(defined as total liabilities over total assets)</i>	35.5%	32.0%	32.3%
Return on Equity (ROE)	16.2%	17.5%	12.8%
Return on Assets (ROA)	10.5%	11.9%	8.7%
Dividend Payout Ratio	40%	40%	39%



Liquidity

For the year ended 31 December

Audited

	FY 2008 RMB '000	FY 2007 RMB '000	FY 2006 RMB '000
Net Cash Inflow from Operating Activities	97,799	130,551	50,613
Net Cash Outflow from Investing Activities	(82,853)	(61,666)	(15,269)
Net Cash Outflow from Financing Activities	(50,399)	(30,645)	(43,206)
Net Increase / (Decrease) in Cash & Cash Equivalents	(35,453)	38,240	(7,862)



Capital Commitments

For the year ended 31 December

Audited

	FY 2008 RMB '000	FY 2007 RMB '000	FY 2006 RMB '000
Capital Commitments	113,370	103,859	43,865

Capital Commitments mainly derived for :

**Suzhou Dawnrays
Pharmaceutical Co., Ltd.**

Construction of new bulk
medicine workshop for
cephalosporin products

Re-engineering of
old workshops

**Dawnrays (Nantong)
Pharmaceutical Science and
Technology Co., Ltd.**

Plant construction

**Suzhou Dawnrays
Chemical Co., Ltd.**

Construction of
multi-functional workshop

Environmental
protection projects, etc.



Sufficient Financial Resources

Cash and cash equivalents as 31 December 2008

- RMB 38,936,000

As at 31 December 2008, notes receivables with ages within 6 months :

- RMB 226,878,000

➡ The Group has sufficient financial and internal resources to fund the capital expenditures



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Thank you

