



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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Press Release 新聞稿

22 August 2006

**Dawnrays Pharmaceutical (Holdings) Limited  
Announces results for the six months ended 30 June 2006**

**TURNOVER INCREASED BY APPROXIMATELY 28.0%  
AND AMOUNTED TO RMB 398,197,000**

**Financial Highlights**

Highlights of the unaudited results of the Group for the six months ended 30 June 2006 with comparative unaudited figures for the corresponding period in 2005 are shown in the following summary:

| For the six months ended 30 June<br>Unaudited | 2006           | 2005     | Change |
|---|----------------|----------|--------|
|   | RMB '000       | RMB '000 | %      |
| Turnover                                      | <b>398,197</b> | 311,002  | 28.0   |
| Gross profit                                  | <b>103,231</b> | 101,700  | 1.5    |
| Profit before tax                             | <b>48,207</b>  | 49,301   | (2.2)  |
| Net profit attributable to equity holders     | <b>45,451</b>  | 47,014   | (3.3)  |
| Earnings per share-basic (RMB)                | <b>0.0568</b>  | 0.0588   | (3.4)  |
| Interim dividend per share (HK\$)             | <b>0.015</b>   | 0.015    | —      |

(Hong Kong • 22 August 2006) – **Dawnrays Pharmaceutical (Holdings) Limited** (SEHK stock code: 2348) and its subsidiaries (collectively, “Dawnrays Pharmaceutical” or the “Group”) announced interim results for the six months ended 30 June 2006. Turnover amounted to approximately RMB 398,197,000 (2005: RMB 311,002,000), representing an increase of 28.0% as compared with the corresponding period of previous year. Net profit attributable to equity holders reached approximately RMB 45,451,000 (2005: RMB 47,014,000), representing a decline of 3.3% over the corresponding period of prior year. Basic earnings per share were RMB 0.0568 (2005: RMB 0.0588). The Board of Directors has resolved to declare an interim dividend of HK\$0.015 per share.

During the period under review, the Group continued to focus in market development so as to increase its market share. In the first half of 2006, turnover of bulk medicines reached approximately RMB 216,635,000, representing an increase of 60.4%. 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. Turnover of powder for injections decreased by 9.3% and amounted to approximately RMB 132,852,000. Turnover of generic drugs (system specific medicines) amounted to approximately RMB 48,710,000, equivalent to an increase of 64.9%. Overseas sales which accounted for about 6.7% of the total turnover represented an increase of 62.8% as compared with the corresponding period of previous year. Gross profit was approximately RMB 103,231,000, 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 prior year.

Ms. Li Kei Ling, Chairlady of Dawnrays Pharmaceutical Group, said, “The growth of net profit of the Group did not follow in proportion to sales growth is mainly because of the decline in gross profit margin. With the impacts arising from the national public policy, the prices of cephalosporin antibiotic products (bulk medicines and powder for injections) dropped successively. In addition, the price-drop of the main raw material 7-aminocephalosporanic acid (7-ACA) was at a lesser extent than that of antibiotic products, which together with the fluctuated price escalations of major chemical solvents as induced by the sustained surge in oil prices and the fierce competition which further aggravated by the homogeneity of products, resulting to a decline in the Group’s gross profit margin of approximately 6.8% over the corresponding period of previous year. As a result, the Group has adopted a business model for its cephalosporin antibiotic products with stringent production cost-control and enhanced production efficiency.”

Mr. Dong Shao Zhi, Chief Executive Officer of the Group reviewed the management performance in the first half of 2006. With respect to sales, the timely coordination in sales strategy and formulation of fair pricing strategy have sustained the profit earning capability of key products. Besides, there has been a reinforcement of the sales drive of generic drugs and manipulation of adequate market supports for the Generic Drugs Division and Business Division. As regards to production, the strengthened connection between production and sales and coordination between the production capacity and manpower have achieved significant increments in production capacity. As for technology improvement and major construction projects, the construction project of the workshop for cephalosporin oral-preparations in solid-dosage-form of Suzhou Dawnrays Pharmaceuticals Co., Ltd was completed and the non-sterile cephalosporin bulk medicine workshop of Suzhou Dawnrays Chemical Co., Ltd. was conducting the preparation works for reconstruction and design of the workshops.

Regarding R&D of the Group, 21 production permits for 14 species of products from the State Food and Drug Administration (SFDA) of the PRC were obtained in the first half of 2006. 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.

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”.

“Looking ahead to the second half of 2006, competition in the pharmaceutical industry will remain keen. The Group will capitalise on our core strengths in areas of sales, production, R&D and technology improvement and adopt competitive strategies effectively. We are well positioned to take advantage of the many opportunities in the markets to establish new areas for profit growth and successfully navigate any unfavourable change in the business environment. We endeavour to achieve sustainable and steady development of the Group in the long run, with a view to generate satisfactory returns for all the shareholders.” Ms. Li concluded.

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For further enquiries, please contact:

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