DAWNRAYS PHARMACEUTICAL (HOLDINGS) LIMITED
東瑞製葯（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2348)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

FINANCIAL HIGHLIGHTS

Unaudited	For the six months ended 30 June		
	2015	**2014**	Change
Revenue (RMB'000)	**488,755**	409,884	+19.2%
Gross Profit (RMB'000)	**304,440**	235,323	+29.4%
Gross Profit Margin	**62.3%**	57.4%	+4.9 percentage points
Profit before tax (RMB '000)	**191,698**	130,094	+47.4%
Profit for the period attributable to owners of the parent (RMB'000)	**154,260**	101,784	+51.6%
Net Profit Margin	**31.6%**	24.8%	+6.8 percentage points
Earnings per share - basic (RMB)	**0.1920**	0.1266	+51.7%
Interim dividend per share (HK$)	**0.030**	0.025	+20.0%

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015

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 2015 (the "period"). These interim results have been reviewed by the audit committee of the Company.

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK$0.030 per share for the year ending 31 December 2015, approximately amounting to a total sum of HK$24,130,000 (approximately equivalent to RMB20,096,000).

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Notes	**RMB'000**	*RMB'000*
REVENUE	3	**488,755**	409,884
Cost of sales		**(184,315)**	(174,561)
Gross profit		**304,440**	235,323
Other income and gains	3	**12,849**	8,836
Selling and distribution expenses		**(59,470)**	(55,242)
Administrative expenses		**(31,805)**	(28,828)
Other expenses		**(33,607)**	(28,336)
Finance costs	4	**(709)**	(1,659)
PROFIT BEFORE TAX	5	**191,698**	130,094
Income tax expense	6	**(37,438)**	(28,310)
PROFIT FOR THE PERIOD		**154,260**	101,784
Attributable to:			
Owners of the parent		**154,260**	101,784
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
– basic, for profit for the period		**RMB0.1920**	RMB0.1266
– diluted, for profit for the period		**RMB0.1914**	RMB0.1262

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
PROFIT FOR THE PERIOD	**154,260**	101,784
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences	**(20)**	(2,093)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(20)**	(2,093)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**154,240**	99,691
Attributable to:		
Owners of the parent	**154,240**	99,691

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**30 June 2015 (Unaudited) RMB'000**	31 December 2014 (Audited) *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**611,875**	626,185
Land use rights		**41,734**	42,257
Construction in progress		**10,415**	13,086
Intangible assets		**15,486**	15,814
Deferred tax assets		**6,558**	6,123
Total non-current assets		**686,068**	703,465
CURRENT ASSETS			
Inventories	9	**158,579**	87,581
Trade and notes receivables	10	**232,844**	200,062
Prepayments, deposits and other receivables		**15,684**	17,805
Equity investments at fair value through profit or loss		**3,745**	5,440
Pledged bank deposits		**159,592**	235,681
Cash and cash equivalents		**588,645**	443,366
Total current assets		**1,159,089**	989,935
CURRENT LIABILITIES			
Trade and notes payables	11	**183,044**	107,385
Other payables and accruals		**102,330**	99,809
Interest-bearing bank loans		**160,402**	188,268
Income tax payable		**16,046**	11,173
Total current liabilities		**461,822**	406,635
Net current assets		**697,267**	583,300
Total assets less current liabilities		**1,383,335**	1,286,765
NON-CURRENT LIABILITIES			
Government grants		**3,475**	3,475
Deferred tax liabilities		**40,658**	35,010
Total non-current liabilities		**44,133**	38,485
Net assets		**1,339,202**	1,248,280

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (*continued*)

		30 June 2015 (Unaudited)	31 December 2014 (Audited)
	Notes	**RMB'000**	*RMB'000*
EQUITY			
Equity attributable to owners of the parent			
Issued capital		**85,163**	85,348
Reserves		**1,254,039**	1,108,235
Proposed final dividend		**-**	54,697
Total equity		**1,339,202**	1,248,280

NOTES:

1. CORPORATE INFORMATION AND BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

1.1 Corporate Information

Dawnrays Pharmaceutical (Holdings) Limited (the "Company") was incorporated as an exempted company with limited liability in the Cayman Islands on 20 September 2002 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business is located at Units 3001-02,30/F, CNT Tower, 338 Hennessy Road, Wanchai, Hong Kong.

The Group is principally engaged in the development, manufacture and sale of non-patented pharmaceutical medicines including intermediate pharmaceutical, bulk medicines and finished drugs. In the opinion of the Directors, Fortune United Group Limited, a company incorporated in the British Virgin Islands, is the ultimate holding company of the Company.

The shares of the Company were listed on the Main Board of the Stock Exchange on 11 July 2003.

1.2 Basis of preparation

The unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2015 (collectively defined as the "interim financial information") have been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "IASB") and applicable disclosure provisions of Appendix 16 of the Listing Rules of 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 interim condensed consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated. These interim condensed consolidated financial statements have not been audited. These interim condensed consolidated financial statements were approved and authorized for issue by the Board on 18 August 2015.

The preparation of the interim financial information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial information does not include all the information and disclosures required in the financial statements, and should be read in conjunction with the Group's audited financial statements for the year ended 31 December 2014.

1.3 Significant Accounting Policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except for the adoption of the new standards and interpretations as of 1 January 2015, noted below:

1. CORPORATE INFORMATION AND BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

1.3 Significant Accounting Policies (Continued)

(a) Amended Standard adopted by the Group

Amendments to IAS 19	*Defined Benefit Plans: Employee Contributions* [1]
Annual Improvements 2010-2012 Cycle	*Amendments to a number of IFRSs* [1]
Annual Improvements 2011-2013 Cycle	*Amendments to a number of IFRSs* [1]

[1] Effective for annual periods beginning on or after 1 July 2014

The adoption of these revised IFRSs had no significant financial effect on these financial statements.

(b) New and revised IFRSs not yet adopted

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	*Financial Instruments* [3]
Amendments to IFRS 10 and IAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [1]
Amendments to IFRS 10 IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception* [1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations* [1]
IFRS 14	*Regulatory Deferral Accounts* [4]
IFRS 15	*Revenue from Contracts with Customers* [2]
Amendments to IAS 1	*Disclosure Initiative* [1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation* [1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants* [1]
Amendments to IAS 27 (2011)	*Equity Method in Separate Financial Statements* [1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of IFRSs* [1]

[1] Effective for annual periods beginning on or after 1 January 2016
[2] Effective for annual periods beginning on or after 1 January 2017
[3] Effective for annual periods beginning on or after 1 January 2018
[4] Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on their products and has two reportable segments as follows:

a) Manufacture and sale of intermediates and bulk medicines (the "intermediates and bulk medicines" segment)

b) Manufacture and sale of finished drugs (including antibiotics finished drugs and non-antibiotics finished drugs) (the "finished drugs" segment)

Management monitors the operating results of these operating segments for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, finance costs, government grants, dividend income, fair value gains/(losses) from the Group's financial instruments as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, pledged bank deposits, cash and cash equivalents, equity investments at fair value through profit or loss and other unallocated head office and corporate assets as these assets are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The following is an analysis of the Group's revenue and results by operating segment for the period:

Six months ended 30 June 2015 (unaudited)	Intermediates and bulk medicines RMB'000	Finished drugs RMB'000	Elimination of intersegment sales RMB'000	Total RMB'000
Segment Revenue:				
Sales to external customers	100,021	388,734	-	488,755
Intersegment sales	46,489	-	(46,489)	-
	146,510	388,734	(46,489)	488,755
Segment Results	(14,728)	246,016	-	231,288
Reconciliation:				
Unallocated gains				12,480
Corporate and other unallocated expenses				(51,361)
Finance costs				(709)
Profit before tax				191,698

2. SEGMENT INFORMATION *(continued)*

Six months ended 30 June 2014 (unaudited)	Intermediates and bulk medicines RMB'000	Finished drugs RMB'000	Elimination of intersegment sales RMB'000	Total RMB'000
Segment Revenue:				
Sales to external customers	100,925	308,959	-	409,884
Intersegment sales	18,334	-	(18,334)	-
	119,259	308,959	(18,334)	409,884
Segment Results	(17,929)	185,187	-	167,258
Reconciliation:				
Unallocated gains				8,213
Corporate and other unallocated expenses				(43,718)
Finance costs				(1,659)
Profit before tax				130,094

The following is an analysis of the Group's assets by operating segment:

As at 30 June 2015 (unaudited)	Intermediates and bulk medicines RMB'000	Finished drugs RMB'000	Total RMB'000
Segment Assets:	464,232	514,362	978,594
Reconciliation:			
Corporate and other unallocated assets			866,563
Total assets			1,845,157

As at 31 December 2014 (audited)	Intermediates and bulk medicines RMB'000	Finished drugs RMB'000	Total RMB'000
Segment Assets:	399,095	491,756	890,851
Reconciliation:			
Corporate and other unallocated assets			802,549
Total assets			1,693,400

3. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of the Group's revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Revenue		
Sale of goods	**488,755**	409,884
Other income		
Bank interest income	**10,638**	6,473
Dividend income from equity investments at fair value through profit or loss	**32**	46
Government grants	**1,528**	1,553
Others	**438**	764
	12,636	8,836
Gains		
Gain on disposal of equity investments at fair value through profit or loss	**213**	-
	12,849	8,836

4. FINANCE COSTS

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Interest on bank loans wholly repayable within five years	**709**	1,659

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Cost of inventories sold*	**184,315**	174,561
Depreciation	**26,869**	22,747
Recognition of land use rights **	**521**	521
Research and development costs:		
Amortisation of intangible assets ***	**347**	355
Current period expenditure	**17,242**	12,819
	17,589	13,174
Minimum lease payments under operating leases:		
Buildings	**447**	417
Employee benefit expense (including directors' and chief executive officer's remuneration) :		
Wages and salaries	**39,171**	32,515
Retirement benefits	**3,527**	3,409
Accommodation benefits	**1,607**	1,486
Other benefits	**5,536**	5,640
Equity-settled share option expense	**2,696**	431
	52,537	43,481
Foreign exchange differences, net	**2,610**	3,207
Impairment of property, plant and equipment	**-**	1,196
Write-down of inventories to net realisable value	**12,755**	9,908
Fair value (gain)/losses, net:		
Equity investments at fair value through profit or loss	**(223)**	382
Bank interest income	**(10,638)**	(6,473)
Loss on disposal of items of property, plant and equipment	**103**	326
Gain on disposal of equity investments at fair value through profit or loss	**(213)**	-

* The depreciation of RMB22,031,000 (2014: RMB17,751,000) for the period is included in "Cost of inventories sold".

** The recognition of land use rights for the period is included in "Administrative expenses" on the face of the condensed consolidated statement of profit or loss.

*** The amortisation of intangible assets for the period is included in "Other expenses" on the face of the condensed consolidated statement of profit or loss.

6. INCOME TAX

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Current income tax		
Current income tax charge	**30,162**	22,746
Adjustments in respect of current income tax in previous years	-	1,030
Deferred income tax	**7,276**	4,534
Total tax charge for the period	**37,438**	28,310

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period. Taxation for the subsidiaries in Mainland China is 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.

7. DIVIDENDS

	For the six months ended 30 June	
	2015	2014
	(Unaudited)	(Unaudited)
	RMB'000	*RMB'000*
Dividend pertaining to the prior year declared in the six months ended 30 June	**54,745**	43,412
Interim – HK$0.030(2014: HK$0.025) per ordinary share	**20,096**	16,002

On 18 August 2015, the Company declared an interim dividend for the year ending 31 December 2015, at HK$0.030 per share, amounting to a total sum of approximately HK$24,130,000 (approximately equivalent to RMB20,096,000).

8. EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2015 is based on the profit for the period attributable to ordinary equity holders of the parent of RMB154,260,000 (2014: RMB101,784,000) and the weighted average number of 803,628,597 ordinary shares (2014: 804,204,696 ordinary shares) in issue during the period.

The calculation of diluted earnings per share for the period is based on the profit for the period attributable to ordinary equity holders of the parent of RMB154,260,000 (2014: RMB101,784,000) and the weighted average number of 805,849,960 ordinary shares (2014: 806,746,491 ordinary shares) in issue during the period after adjusting for the effect of dilutive options.

9. INVENTORIES

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) *RMB'000*
At cost or net realisable value:		
Raw materials	**35,555**	28,286
Work in progress	**45,408**	29,503
Finished goods	**77,616**	29,792
	158,579	87,581

10. TRADE AND NOTES RECEIVABLES

An aged analysis of the trade receivables and notes receivable as at 30 June 2015, net of provisions, is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) *RMB'000*
Trade receivables		
Outstanding balances with ages:		
Within 90 days	**76,366**	62,080
Between 91 and 180 days	**14,016**	13,667
Between 181 and 270 days	**5,352**	6,279
Between 271 and 360 days	**464**	2,465
Over one year	**100**	1,603
	96,298	86,094
Notes receivable	**136,546**	113,968
	232,844	200,062

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within one month of issue, except for major customers, where the terms are extended to three months.

11. TRADE AND NOTES PAYABLES

An aged analysis of the trade payables and notes payable as at 30 June 2015 is as follows:

	30 June 2015 (Unaudited) RMB'000	31 December 2014 (Audited) *RMB'000*
Outstanding balances with ages:		
Within 90 days	**132,504**	81,854
Between 91 and 180 days	**48,531**	23,395
Between 181 and 270 days	**55**	380
Between 271 and 360 days	**1,244**	252
Over one year	**710**	1,504
	183,044	107,385

The trade payables are non-interest-bearing and are normally settled on 90-day terms. The carrying amounts of the trade and notes payables approximate to their fair values.

CHAIRMAN'S STATEMENT
RESULTS

The Group has recorded revenue of approximately RMB488,755,000 for the six months ended 30 June 2015 (2014: RMB409,884,000), representing an increase of 19.2% as compared to the same period of 2014. Profit attributable to owners of the parent was approximately RMB154,260,000 (2014: RMB101,784,000), representing an increase of 51.6% over the same period of 2014. The increase in profit was mainly because sales of the Group's system specific medicines recorded more satisfactory growth than that for the same period of 2014.

BUSINESS REVIEW AND PROSPECT

In the first half of 2015, despite the lower growth rate of China's pharmaceutical industry that posed a challenge to business activities, the Group still recorded a considerable profit growth over the same period of 2014. Such growth in profit was mainly attributable to the fact that the Group prudently adopted suitable sales strategy and methods in consideration of market development trends of all series of system specific medicines to expand product reach and strengthen market penetration. In particular, the Group maintained steady sales record for its "An" (安) series anti-hypertensive drug in a market environment with fierce competition. On the other hand, the Group's early marketing investment for anti-hepatitis B virus drug "Leiyide" (雷易得) started to bear fruits, leading to dramatic increase of sales revenue and a strong momentum of growth.

In terms of the Group's business of cephalosporin antibiotics, upon completion and certification of the major adaptive retrofit and reconstruction works for new GMP compliance by the end of 2014, the Group gradually recovered the production of intermediates, bulk medicines and powder for injection, resulting in a relatively high unit cost production. Due to the nationwide excess capacity of cephalosporin antibiotics and subsequent continued low market price, in the first half of 2015, the Group's production and sales results of bulk medicines and powder for injection of cephalosporin antibiotics did not attain the original target. Under such negative factors, the Group's business of cephalosporin antibiotics still recorded a loss during the period.

Amid the complicated and variable economic situation in China, the pharmaceutical industry also faces a wide variety of pressure, but the industry still enjoys opportunities for growth in the long run. The Group will keep a close eye on the medical and pharmaceutical policies issued by the government from time to time, make prudent plans and strive to conduct the following tasks effectively:

(1) Based on current success, the Group will invest necessary resource to strengthen marketing dynamics of specific medicines such as "An" (安) series, "Leiyide" (雷易得) and the other items that pose potential for further development by consolidating and strengthening their brand awareness so as to maintain the sustained growth of system specific medicines.

(2) In terms of cephalosporin antibiotics, the Group has a clear understanding that high quality and competitive price are key factors that lead to sustained sales of the products in China's present antibiotics market. In view of this, the Group will continuously optimise production technology and improve product quality, and at the same time adopt feasible measures to reduce expense and cost so as to improve competitiveness of this category of product.
(3) For a pharmaceutical company, innovation of product and technology is the only way to achieve sustained growth. The Group will strengthen its research and development workforce, deepen collaboration with research institutions, appropriately invest more resource and broaden the scope of research and development projects in consideration of the product mix of the Group.
(4) The Group will enhance its management team and optimise management systems and rules so as to improve management efficiency and quality.

MANAGEMENT DISCUSSION AND ANALYSIS

PRODUCTION AND SALES

During the six months ended 30 June 2015, the Group's production and sales volume of bulk medicines increased by 53.83% and 10.29% respectively in comparison to the corresponding period of last year, the production of cephalosporin powder for injection increased by 972% over the same period of last year, marking a recovery to nearly normal production, but sales volume of the product decreased by 27.8% from the same period of last year. As the market of cephalosporin bulk medicine and powder for injection were negatively affected by the new GMP renovation in 2014, the recovery process was slower than expectation, and the sales volume didn't reach the target of keeping pace with the growth of production.

Production and sales volume of the solid-dosage-forms increased by 6.89% and 21.15% respectively over the corresponding period of last year. In particular, the production and sales volume of "An" (安) series varieties increased by 4.66% and 23.80% respectively over the same period of last year, while the production and sales volume of "Leiyide" (雷易得) (Entecavir Dispersible Tablets) increased by 50% and 105.6% respectively over the same period of last year. As for the specific medicines, their markets were reasonably distributed and sales network was improved in a continuous manner, and market share continued to increase on top of its current leading position. As the Group furthers the academic promotion of "Leiyide" (雷易得), Chinese Central Government is curbing medical insurance expense, the product maintains stable sales in Hong Kong market, and meanwhile "Leiyide" (雷易得) enjoys advantages in both price competitiveness and international-level quality, the market and users are having steadily improving brand awareness on "Leiyide" (雷易得). Aside from the Chinese market, the Group is making effort to explore international market for "Leiyide" (雷易得) by conducting foreign registrations and building dealership networks.

NEW PRODUCTS AND PATENT LICENSING

In the first half of 2015, a total of fifty four declarations for registration were filed with the Jiangsu Provincial Food and Drug Administration (including four supplementary registrations and fifty declarations for re-registration); in the meantime, one approval document for re-registration, five supplemental approval documents including new strength for Entecavir Dispersible Tablets, one notice of opinion for examination and approval for category 3.1 new medicine and one clinical trial permit for category 3.1 new medicine were also obtained.

HONORS AND CERTIFICATIONS AWARDED IN 2015

1. In May 2015, Su Zhou Dawnrays Pharmaceutical Science and Technology Co., Ltd. passed renewal audit on ISO 9001:2008, ISO14001:2004 and OHSAS18001:2007.

2. In May 2015, Dawnrays (Nantong) Pharmaceutical Science and Technology Co., Ltd. obtained the Certificate for Class 2 Enterprise in Work Safety Standardization issued by Jiangsu Administration of Work Safety.

3. In June 2015, Suzhou Dawnrays Pharmaceuticals Co., Ltd. was jointly recognised as a foreign-invested research and development centre of Jiangsu Province by four government agencies including Department of Commerce of Jiangsu Province.

FINANCIAL REVIEW

SALES AND GROSS PROFIT

For the six months ended 30 June 2015, the Group recorded a turnover of approximately RMB488,755,000, representing an increase of RMB78,871,000, or 19.2%, compared with the corresponding period of last year. The increase in turnover, was primarily attributable to the continued rapid growth in the sales of system specific medicines. After new GMP adaptive renovation completed and passed certification by the end of last year, the production and sales of cephalosporin antibiotics bulk medicines and powder for injection recovered progressively.

During the first half of 2015, sales of system specific medicines increased by approximately RMB90,729,000, representing an increase of 35.8% compared with the corresponding period of last year. Sales of the cephalosporin antibiotics product line decreased by approximately RMB12,120,000, representing a decrease of 8.1% compared with the corresponding period of last year.

Sales amount of finished drugs, comprising system specific medicines, powder for injection and tablets of cephalosporin and other oral solid-dosage-forms of antibiotics, reached approximately RMB388,734,000. Of which, sales amount of the “An” (安) series for treating hypertension accounted for approximately 48.8% of sales of finished drugs which was decreased by 1 percentage point compared with the corresponding period of last year. Sales amount of “Leiyide” (雷易得) for treating hepatitis B virus accounted for approximately 33.6% of sales of finished drugs which was increased by 8.7 percentage points compared with the corresponding period of last year. Sales amount of “Xikewei” (西可韋) and “Xikexin” (西可新) for treating allergies accounted for approximately 4.6% of sales of finished drugs which was decreased by 0.8 percentage point compared with the corresponding period of last year.

Among the cephalosporin antibiotics product line, sales amount of intermediates and bulk medicines decreased by 0.9% compared with the corresponding period of last year. As for finished drugs, sales amount of cephalosporin powder for injection declined by 26.2% compared with the corresponding period of last year, and sales amount of oral cephalosporin decreased by 11.2% compared with the corresponding period of last year.

Export sales amount accounted for approximately 9.7% of the total turnover. The export destinations mainly included ten more countries and regions such as Switzerland, Hong Kong, South Korea and Russia.

Gross profit was approximately RMB304,440,000 which was increased by RMB69,117,000 compared with the corresponding period of last year. Gross profit margin was 62.3% which was increased by 4.9 percentage points compared with 57.4% as in the corresponding period of last year. The main reason for the increase in gross profit margin was attributable to the further increase in the proportion of sales of system specific medicines in total turnover, which was increased from 61.9% in the corresponding period of last year to 70.5% and so the product portfolio was further optimized.

TABLE OF TURNOVER ANALYSIS

PRODUCT	TURNOVER (RMB'000)			SALES BREAKDOWN (%)		
	For the six months ended 30 June			For the six months ended 30 June		Percentage points
	2015	2014	Changes	**2015**	2014	Changes
Intermediates and Bulk Medicines	**100,021**	100,925	-904	**20.5**	24.6	-4.1
Finished Drugs	**388,734**	308,959	79,775	**79.5**	75.4	4.1
Overall	**488,755**	409,884	78,871	**100.0**	100.0	0.0

EXPENSES

During the period, the total expenses incurred were approximately RMB125,591,000, equivalent to 25.7% of turnover (2014:27.8%), a decrease of 2.1 percentage points compared with the correspondent period of last year. The total expenses increased by approximately RMB11,526,000 compared with the corresponding period of last year and mainly attributed to the increase in marketing expenses to explore market for system specific medicines and increase in research and development expenses.

SEGMENT PROFIT

For the six months ended 30 June 2015, segment results of intermediates and bulk medicines segment recorded losses of approximately RMB14,728,000 representing a decrease of loss of RMB3,201,000 compared with loss of RMB17,929,000 as in the corresponding period of 2014. The segment profit of finished drugs segment was approximately RMB246,016,000, which was increased by approximately RMB60,829,000 when compared with the segment profit of RMB185,187,000 as in the first half of 2014.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the six months ended 30 June 2015, profit attributable to owners of the parent amounted to approximately RMB154,260,000, equivalent to an increase of RMB52,476,000 or 51.6% compared with the corresponding period of last year. Such increase was mainly because additional profits arose from the relatively fast growth in sales of system specific medicines.

ANALYSIS ON THE RETURN ON ASSETS

As at 30 June 2015, net assets attributable to owners of the parent were approximately RMB1,339,202,000. The return on net assets, which is defined as the profit attributable to owners of the parent divided by net assets attributable to owners of the parent, was11.5% (2014: 8.8%). The current ratio and quick ratio was 2.51 and 2.17 respectively. Turnover days for trade receivables were approximately 34 days. Turnover days for trade receivables including notes receivables were approximately 80 days. Turnover days for inventory were approximately 120 days.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group held cash and cash equivalents of approximately RMB588,645,000 (as at 31 December 2014: RMB443,366,000). During the period, the net cash flows from operating activities was approximately RMB173,214,000 (2014: RMB205,401,000). Net cash flows used in investing activities was approximately RMB9,427,000 (2014: RMB34,597,000). Net cash flows used in financing activities was approximately RMB18,392,000 (2014: RMB30,497,000).

As at 30 June 2015, the Group had aggregate bank facilities of approximately RMB914,448,000 (as at 31 December 2014: RMB844,790,000), of which, bank facilities of HK$98,000,000 were secured by corporate guarantee of the Company or its subsidiaries. The interest-bearing bank loans including a mortgage loan of HK$11,472,000 and short term bank loans of HK$188,750,000 in total, which were subject to the arrangement of floating interest rate. The loan interest rate ranged from HIBOR plus 0.6% to 1.5%. The time deposits of approximately RMB159,547,000 were pledged to bank to secure captioned short term bank loans. As at 30 June 2015, the debt ratio (defined as sum of interest-bearing bank loans over total assets) of the Group was 8.7% (as at 31 December 2014: 11.1%).

As at 30 June 2015, the Group had the inventory balance of RMB158,579,000 (as at 31 December 2014: RMB87,581,000).

As at 30 June 2015, the Group's capital commitments amounted to approximately RMB5,459,000 (as at 31 December 2014: RMB26,523,000), which mainly derived from the construction for the new GMP reconstruction works for oral cephalosporin workshop and the construction of workshops for non-cephalosporin solid-dosage-forms preparation in Hedong Industrial Park of Suzhou Dawnrays Pharmaceutical Co., Ltd. The Group has sufficient financial and internal resources to bear the capital expenditure.

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

FOREIGN EXCHANGE AND TREASURY POLICIES

The Group's substantial business activities, assets and liabilities are denominated in Renminbi, 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 or interest rate, if any, only if it will potentially impose a significant impact on the Group. The Group continues to observe the foreign exchange and interest rate market, and may hedge against foreign currency risk with foreign exchange forward contracts and interest rate risk with interest rate swap contracts if necessary.

STAFF AND REMUNERATION POLICY

As at 30 June 2015, the Group employed 1,008 employees and the total remuneration was approximately RMB52,537,000 (2014: RMB43,481,000). The Group regards human resources as the most valuable assets and truly understands the importance of attracting and retaining 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 schemes, 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 2015 the Group's assets with net book value of approximately RMB188,211,000 were pledged to banks to secure credit facilities granted to its subsidiaries (as at 31 December 2014: RMB214,715,000).

CONTINGENT LIABILITIES

As at 30 June 2015, the Group had no material contingent liabilities.

PLANS FOR SIGNIFICANT INVESTMENTS AND EXPECTED SOURCE OF FUNDING

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the six months period ended 30 June 2015, the Company repurchased 3,852,000 shares of the Company's listed securities on the Stock Exchange at an aggregate consideration of HKD19,650,840 before expenses. The monthly breakdown of shares repurchased during the period was as follows:

Month of Repurchase (month/year)	Number of Shares repurchased	The highest price paid per share (HK$)	The lowest price paid per share (HK$)	Aggregate consideration paid (HK$)
January 2015	3,116,000	5.40	4.86	16,061,920
February 2015	736,000	4.97	4.76	3,588,920
Total	3,852,000			19,650,840

The repurchased shares were subsequently cancelled. The nominal value of the cancelled shares were 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.

Save as disclosed above, neither the Company, nor any of its subsidiaries purchased redeemed or sold any of the Company's listed securities for the six months ended 30 June 2015.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

To the best knowledge, information and belief of the Directors, the Company has complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Ltd. (the "Listing Rules") during the six months period ended 30 June 2015, except for the following deviation:-.

1. **Code Provision A.2.1 of the CG Code-The roles of chairman and chief executive officer should be separate and should not be performed by the same individual**

   The positions of Chairman of the Board and CEO of the Company have been carried on by the same person since 1 March 2015. The Board considers that this structure does not undermine the balance of power and authority between the Board and the management. The Board members have considerable experience and qualities which they bring to the Company and the Board believes that it is able to ensure that the balance of power between the Board and the management is not impaired. The Board believes that having the same person performing the roles of both Chairman and CEO does provide the Group with strong and consistent leadership and that, operating in this manner allows for more effective and efficient overall strategic planning of the Group.

2. **Code Provision A.6.7 of the CG Code -Attendance of Non-executive directors at general meeting**

   All Non-executive Directors (including Independent Non-executive Directors) attended the annual general meeting of the Company held on 22 May 2015 (the "2015 AGM") other than one Independent Non-executive Director who was not in position to attend the 2015 AGM due to an overseas commitment. A new Non-executive Director was appointed after 2015 AGM.

UPDATES ON DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Mr. EDE, Ronald Hao Xi was appointed as Non-executive Director of the Company with effect from 15 June 2015. Details of the above change are set out in the announcement of the Company dated 12 June 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of 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 all Directors, the Directors have complied with the required standard set out in the Model Code, throughout the six months period ended 30 June 2015.

AUDIT COMMITTEE

For the six months ended 30 June 2015, the Company had 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 three independent non-executive directors of the Company as at the date of report.

The unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 June 2015 have been reviewed by the audit committee before recommending it to the Board for approval.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Monday, 14 September 2015 to Tuesday, 15 September 2015 (both days inclusive), for the purpose of ascertaining entitlement to the Company's interim dividend, during which period no transfer of shares will be registered.

The record date for the purpose of determining shareholders' entitlement to the interim dividend is Friday, 11 September 2015. 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, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 11 September 2015. Dividend warrants will be despatched to shareholders on or about Wednesday, 23 September 2015.

APPRECIATION

Meanwhile, I would also like to take this opportunity to express my appreciation for the coordination and support from the Company's shareholders, business partners, directors, management personnel and all staff for my work.

By Order of the Board
Li Kei Ling
Chairman

Hong Kong, 18 August 2015

As at the date of this announcement, the Board of the Company comprises three Executive Directors, namely Ms. Li Kei Ling, Mr. Hung Yung Lai and Mr. Li Tung Ming; two Non-executive Directors namely Mr. Leung Hong Man and Mr. Ede, Ronald Hao Xi; three Independent Non-executive Directors, namely Mr. Pan Xue Tian, Mr. Choi Tat Ying Jacky and Mr. Lo Tung Sing Tony.