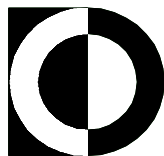


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DAWNRAYS PHARMACEUTICAL (HOLDINGS) LIMITED

東瑞製藥（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 2023

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

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 2023 (the “period”) together with the comparative figures in 2022. These interim results have been reviewed by the audit committee of the Company.

FINANCIAL HIGHLIGHTS

Unaudited	For the six months ended 30 June		Change
	2023	2022	
Revenue (RMB'000)	649,920	623,478	4.2%
Gross Profit (RMB'000)	361,849	392,278	-7.8%
Gross Profit Margin	55.7%	62.9%	-7.2 percentage points
Profit before tax (RMB'000)	327,211	225,591	45.0%
Profit for the period attributable to owners of the parent (RMB'000)	255,941	171,661	49.1%
Net Profit Margin	39.4%	27.5%	11.9 percentage points
Earnings per share – basic (RMB)	0.1707	0.11456	49.0%
Interim dividend per share (HK\$)	0.015	0.015	-
Net asset value per share (RMB)	1.876	1.662	12.9%

*for identification purpose only

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
		2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
	Notes		
Revenue	3	649,920	623,478
Cost of sales		<u>(288,071)</u>	<u>(231,200)</u>
Gross profit		361,849	392,278
Other income and gains	3	162,927	25,467
Selling and distribution expenses		(68,999)	(78,931)
Administrative expenses		(59,180)	(54,195)
Research and development costs		(30,761)	(29,960)
Other expenses		(17,994)	(8,350)
Finance costs	4	(333)	(225)
Share of losses of an associate		<u>(20,298)</u>	<u>(20,493)</u>
PROFIT BEFORE TAX	5	327,211	225,591
Income tax expense	6	<u>(73,041)</u>	<u>(53,765)</u>
PROFIT FOR THE PERIOD		<u>254,170</u>	<u>171,826</u>
Attributable to:			
Owners of the parent		255,941	171,661
Non-controlling interests		<u>(1,771)</u>	<u>165</u>
		<u>254,170</u>	<u>171,826</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
- basic, for profit for the period		<u>RMB0.1707</u>	<u>RMB0.11456</u>
- diluted, for profit for the period		<u>RMB0.1702</u>	<u>RMB0.11429</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
PROFIT FOR THE PERIOD	<u>254,170</u>	<u>171,826</u>
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(7,575)	(3,913)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of the Company's financial statements	14,172	9,273
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u>6,597</u>	<u>5,360</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	<u><u>260,767</u></u>	<u><u>177,186</u></u>
Attributable to:		
Owners of the parent	262,538	177,021
Non-controlling interests	<u>(1,771)</u>	<u>165</u>
	<u><u>260,767</u></u>	<u><u>177,186</u></u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		640,024	696,122
Right-of-use assets		103,400	109,603
Construction in progress		463,732	495,144
Goodwill		241,158	241,158
Other intangible assets		295,208	295,027
Investment in an associate		5,047	25,345
Loan to an associate		120,143	51,825
Long-term prepayments		7,564	7,564
Deferred tax assets		20,415	6,860
		1,896,691	1,928,648
CURRENT ASSETS			
Inventories	9	221,637	241,746
Trade and notes receivables	10	397,755	402,850
Prepayments, other receivables and other assets		106,049	103,782
Financial assets at fair value through profit or loss		191,497	181,357
Cash and bank balances		741,149	811,682
		1,658,087	1,741,417
Assets held for sale		2,578	2,578
		1,660,665	1,743,995
CURRENT LIABILITIES			
Trade and notes payables	11	164,207	224,073
Other payables and accruals		391,878	516,068
Derivative financial instruments		-	474
Interest-bearing bank and other borrowings		32,340	6,434
Lease liabilities		1,000	1,534
Income tax payable		52,481	8,650
Other liabilities, current		-	174,824
		641,906	932,057
NET CURRENT ASSETS		1,018,759	811,938
TOTAL ASSETS LESS CURRENT LIABILITIES		2,915,450	2,740,586

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

	30 June 2023	31 December 2022
<i>Notes</i>	(Unaudited) RMB'000	(Audited) <i>RMB'000</i>
NON-CURRENT LIABILITIES		
Government grants	305	300
Lease liabilities	113	444
Deferred tax liabilities	101,027	89,975
	<hr/>	<hr/>
Total non-current liabilities	101,445	90,719
	<hr/>	<hr/>
Net assets	2,814,005	2,649,867
	<hr/>	<hr/>
EQUITY		
Equity attributable to owners of the parent		
Issued capital	80,433	80,389
Reserves	2,727,432	2,561,567
	<hr/>	<hr/>
	2,807,865	2,641,956
	<hr/>	<hr/>
Non-controlling interests	6,140	7,911
	<hr/>	<hr/>
Total equity	2,814,005	2,649,867
	<hr/>	<hr/>

NOTES:

1. CORPORATE INFORMATION AND BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES

1.1 Corporate and Group 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 Company and its subsidiaries (collectively referred to as the “Group”) underwent a reorganization on 21 June 2003 to rationalize the Group’s structure in preparation for the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”), pursuant to which the Company became the holding company of the Group (the “Group Reorganization”).

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

The Group is principally engaged in the development, manufacture and sale of non-patented pharmaceutical medicines including intermediate pharmaceuticals, bulk medicines and finished drugs. It also invests in a joint venture to research and develop biopharmaceutical products and technologies. 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.

1.2 Basis of preparation

These unaudited interim condensed consolidated financial statements for the six months ended 30 June 2023 (collectively defined as the “interim financial information”) have been prepared in accordance with International Accounting Standard (“IAS”) 34 Interim Financial Reporting and applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. They have been prepared under the historical cost convention, except for financial assets and liabilities 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 25 August 2023.

The interim financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) (which include all International Financial Reporting Standards, International Accounting Standards and Interpretations) as issued by the International Accounting Standards Board (“IASB”).

1. CORPORATE INFORMATION AND BASIS OF PREPARATION AND CHANGES IN ACCOUNTING POLICIES *(continued)*

1.3 CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised standards effective as of 1 January 2023 for the first time for the current period's financial information.

IFRS 17	Insurance Contracts
Amendments to IFRS 17	Insurance Contracts
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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

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 finished drugs (including antibiotics finished drugs and non-antibiotics finished drugs) (the “finished drugs” segment)
- b) Manufacture and sale of intermediates and bulk medicines (the “intermediates and bulk medicines” 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, non-lease-related finance costs, government grants, dividend income, fair value gains/losses from the Group's financial instruments, share of losses of an associate, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, cash and bank balances, financial assets 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.

2. SEGMENT INFORMATION *(continued)*

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

Six months ended 30 June 2023 (unaudited)	Finished drugs RMB'000	Intermediates and bulk medicines RMB'000	Elimination of intersegment sales RMB'000	Total RMB'000
Segment Revenue:				
Sales to external customers	540,313	109,607	-	649,920
Intersegment sales	-	42,619	(42,619)	-
	540,313	152,226	(42,619)	649,920
Segment Results	290,301	(12,269)	-	278,032
<i>Reconciliation:</i>				
Unallocated gains				158,150
Corporate and other unallocated expenses				(108,665)
Finance costs (other than interest on lease liabilities)				(306)
Profit before tax				327,211
Six months ended 30 June 2022 (unaudited)	Finished drugs RMB'000	Intermediates and bulk medicines RMB'000	Elimination of intersegment sales RMB'000	Total RMB'000
Segment Revenue:				
Sales to external customers	568,544	54,934	-	623,478
Intersegment sales	-	36,008	(36,008)	-
	568,544	90,942	(36,008)	623,478
Segment Results	300,545	(9,349)	-	291,196
<i>Reconciliation:</i>				
Unallocated gains				24,811
Corporate and other unallocated expenses				(90,234)
Finance costs (other than interest on lease liabilities)				(182)
Profit before tax				225,591

2. SEGMENT INFORMATION *(continued)*

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

As at 30 June 2023 (unaudited)	Finished drugs RMB'000	Intermediates and bulk medicines RMB'000	Total RMB'000
Segment Assets:	908,319	1,192,678	2,100,997
<i>Reconciliation:</i>			
Assets held for sale	-	2,578	2,578
Corporate and other unallocated assets			<u>1,453,781</u>
Total assets			<u>3,557,356</u>
As at 31 December 2022 (audited)	Finished drugs RMB'000	Intermediates and bulk medicines RMB'000	Total RMB'000
Segment Assets:	996,973	1,222,758	2,219,731
<i>Reconciliation:</i>			
Assets held for sale	-	2,578	2,578
Corporate and other unallocated assets			<u>1,450,334</u>
Total assets			<u>3,672,643</u>

3. REVENUE, OTHER INCOME AND GAINS

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

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Revenue		
Revenue from contracts with customers	<u>649,920</u>	<u>623,478</u>

3. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers

Disaggregated revenue information

For the six months ended 30 June 2023

<u>Segments</u>	Finished drugs RMB'000	Intermediates & bulk medicines RMB'000	Total RMB'000
Type of goods or services			
Sale of pharmaceutical products	540,307	109,607	649,914
Rendering of pilot test services	6	-	6
Total revenue from contracts with customers	<u>540,313</u>	<u>109,607</u>	<u>649,920</u>
Geographical markets			
Mainland China	537,134	103,883	641,017
Other countries	3,179	5,724	8,903
Total revenue from contracts with customers	<u>540,313</u>	<u>109,607</u>	<u>649,920</u>
Timing of revenue recognition			
Goods transferred at a point in time	540,307	109,607	649,914
Services transferred over time	6	-	6
Total revenue from contracts with customers	<u>540,313</u>	<u>109,607</u>	<u>649,920</u>

For the six months ended 30 June 2022

<u>Segments</u>	Finished drugs RMB'000	Intermediates & bulk medicines RMB'000	Total RMB'000
Type of goods or services			
Sale of pharmaceutical products	568,523	54,779	623,302
Rendering of pilot test services	21	155	176
Total revenue from contracts with customers	<u>568,544</u>	<u>54,934</u>	<u>623,478</u>
Geographical markets			
Mainland China	566,773	39,768	606,541
Other countries	1,771	15,166	16,937
Total revenue from contracts with customers	<u>568,544</u>	<u>54,934</u>	<u>623,478</u>
Timing of revenue recognition			
Goods transferred at a point in time	568,523	54,779	623,302
Services transferred over time	21	155	176
Total revenue from contracts with customers	<u>568,544</u>	<u>54,934</u>	<u>623,478</u>

3. REVENUE, OTHER INCOME AND GAINS *(continued)*

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Other income		
Bank interest income	10,446	9,017
Dividend income from financial assets at fair value through profit or loss	25	13
Government grants	2,887	10,917
Others	3,094	1,358
	<u>16,452</u>	<u>21,305</u>
Gains		
Government relocation compensation	142,882	-
Gain on sales of scrapped materials	109	183
Fair value gain on financial assets at fair value through profit or loss, net	3,484	3,979
	<u>162,927</u>	<u>25,467</u>

4. FINANCE COSTS

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Interest on bank loans	61	-
Interest on discounted notes receivable	245	182
Interest on lease liabilities	27	43
	<u>333</u>	<u>225</u>

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Cost of sales*	288,071	231,200
Depreciation of property, plant and equipment	31,751	22,446
Depreciation of right-of-use assets**	1,482	1,579
Research and development costs:		
Amortisation of intangible assets***	3,757	1,214
Current year expenditure	27,004	28,746
	<u>30,761</u>	<u>29,960</u>
Lease payments not included in the measurement of lease liabilities	1,087	445
Employee benefit expense (including directors' and chief executive officer's remuneration):		
Wages and salaries	77,722	63,706
Retirement benefits	6,080	5,056
Accommodation benefits	3,338	2,778
Other benefits	11,172	9,675
Equity-settled share option cost reversal	(1,383)	(5,865)
	<u>96,929</u>	<u>75,350</u>
Foreign exchange differences, net****	6,205	3,346
Write-down of inventories to net realizable value****	4,474	2,529
Write-off of obsolete stocks****	1,332	1,399
Bank interest income	(10,446)	(9,017)
Loss on disposal of items of property, plant and equipment	5,630	434
Fair value gain on financial assets at fair value through profit or loss, net	(3,484)	(3,979)
Government relocation compensation	(142,882)	-

* The depreciation of RMB21,710,000 (2022: RMB15,025,000) for the period is included in "Cost of sales".

** The depreciation of right-of-use assets 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 amounted to RMB3,757,000 (2022: RMB1,214,000) for the period is included in "Research and development costs" on the face of the consolidated statement of profit or loss.

**** These expenses for the period are 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	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Current income tax		
Current income tax charge	75,699	39,801
Adjustments in respect of current income tax in previous years	(155)	275
Deferred income tax	(2,503)	13,689
Total tax charge for the period	<u>73,041</u>	<u>53,765</u>

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	
	2023 (Unaudited) RMB'000	2022 (Unaudited) RMB'000
Dividend pertaining to the prior year declared in the six months ended 30 June:		
Final – HK\$0.073 (2021: HK\$0.065) per ordinary share	96,039	79,370
Interim – HK\$0.015*(2022: HK\$0.015) per ordinary share	<u>20,986</u>	<u>19,602</u>

- * On 25 August 2023, the Company declared an interim dividend for the year ending 31 December 2023, at HK\$0.015 per share, amounting to a total sum of approximately HK\$22,497,000 (approximately equivalent to RMB20,986,000).

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of basic earnings per share is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of 1,499,210,000 shares (2022: 1,498,451,000 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. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of the basic and diluted earnings per share is as follows:

(a) Earnings per share—basic

	For the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to ordinary equity holders of the parent (RMB'000)	255,941	171,661
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation ('000)	1,499,210	1,498,451
Earnings per share – basic (RMB)	0.1707	0.11456

(b) Earnings per share—diluted

	For the six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to ordinary equity holders of the parent (RMB'000)	255,941	171,661
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation ('000)	1,499,210	1,498,451
Effect of dilution – weighted average number of ordinary shares:		
Share options ('000)	4,262	3,474
Weighted average number of ordinary shares adjusted for the effect of dilution ('000)	1,503,472	1,501,925
Earnings per share – diluted (RMB)	0.1702	0.11429

9. INVENTORIES

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Raw materials	103,823	115,199
Work in progress	45,331	73,116
Finished goods	82,422	59,436
	<u>231,576</u>	<u>247,751</u>
Less:provision	(9,939)	(6,005)
	<u>221,637</u>	<u>241,746</u>

10. TRADE AND NOTES RECEIVABLES

An ageing analysis of the trade receivables and notes receivable as at 30 June 2023, based on invoice date and net of loss allowance, is as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Trade receivables		
Outstanding balances with ages:		
Within 90 days	165,727	192,724
Between 91 and 180 days	24,280	10,247
Between 181 and 270 days	4,101	3,708
Between 271 and 360 days	79	2,779
Over one year	2,140	2,266
	196,327	211,724
Notes receivable	204,324	194,022
Impairment	(2,896)	(2,896)
	397,755	402,850

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally three months for major customers.

11. TRADE AND NOTES PAYABLES

An ageing analysis of the trade payables and notes payable as at 30 June 2023 is as follows:

	30 June 2023 (Unaudited) RMB'000	31 December 2022 (Audited) RMB'000
Outstanding balances with ages:		
Within 90 days	114,320	169,248
Between 91 and 180 days	47,547	54,128
Between 181 and 270 days	934	571
Between 271 and 360 days	717	83
Over one year	689	43
	164,207	224,073

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.

Management Discussion and Analysis

RESULTS

The Group recorded revenue of approximately RMB649,920,000 for the six months ended 30 June 2023 (2022: RMB623,478,000), representing an increase of approximately 4.2% as compared to the same period of 2022. Profit attributable to owners of the parent was approximately RMB255,941,000 (2022: RMB171,661,000), representing an increase of approximately 49.1% compared to the same period of 2022. The increase in profit for the period was mainly due to the after tax government relocation compensation amounting approximately RMB115,984,000 for the disposal of assets at the factory of Suzhou Dawnrays Pharmaceutical Co., Ltd. (“Suzhou Dawnrays Pharmaceutical”) located on Tianling Road included in other income (before tax RMB142,882,000). Excluding this non-recurring item, the profit for the period was RMB139,957,000, representing a decrease of RMB31,704,000 or 18.5% as compared with RMB171,661,000 for the same period of last year, which was mainly attributed to the bid-loss of the products, which had won the bids in the national centralized procurement, in the Yangtze Delta alliance centralized procurement, and the increase in administrative expenses and research and development expenses due to the newly established research institute and Lanzhou Dawnrays Pharmaceutical Co., Ltd. (“Lanzhou Dawnrays”).

INDUSTRY ENVIRONMENT

In the first half of 2023, with the implementation of policy to manage COVID-19 with measures against Class-B infectious diseases, the domestic economy was gradually recovering, and has shown a rebound in the demand for the overall pharmaceutical industry. There were also sign of increased activities in respect of marketing, products innovation and investment and financing. 2023 is a significant year for the Chinese market to shift to the “post-pandemic” era, and it is also an important window period for the reshaping of the pharmaceutical and healthcare industry and for the restructuring and upgrading of the enterprises.

The population ageing and increasing awareness of health management of consumers have driven the demand for healthcare and further driving the market volume, the penetration rate of diagnosis and treatment of diseases continues to increase, and the healthcare service scenarios become more diversified. With respect to the national centralized procurement policy, the PRC has adjusted the bidding rules to reasonably control the reduction in drug prices, which not only effectively maintains the stability of suppliers, but also recognises the relative differences in the products and services of different manufacturers. As the market landscape is gradually stabilizing, corporates should break the situation through product innovation, operational efficiency improvement and channels expansion; digital healthcare services are expanding to disease prevention and health management and “future healthcare” is taking shape. Since the COVID-19 pandemic, consumers and patients of the PRC have gradually shifted their healthcare consumption from offline to online, and the digital touch points of each section have been fully opened. Medical service activities such as booking, consultation, prescription filling, doctor-patient interaction and self-health management can all be conducted through digital means, and further improved and matured under the pandemic era, which will surely bring about changes in the pharmaceutical sales model. It has an impact on the Group’s original sales model but also brings opportunities.

BUSINESS REVIEW

During the period, the eighth batch of national centralized procurement was finalized and two of the Group's products, “Cefoperazone Sodium and Sulbactam Sodium for Injection”(Xianshu (先舒)) and “Losartan Potassium and Hydrochlorothiazide Tablets” (Anneixi (安内喜)) won the bids in this round of national centralized procurement. The volume and price of cephalosporin bulk medicines have both increased due to the national centralized procurement. With the concerted efforts of all staff of the Group, total sales for the first half of the year increased by 4.2% as compared to the same period of last year. Of which, the total sales volume and sales amount of the Group's anti-hypertensive drug “An” (安) series product decreased due to the bid-loss of “Anneizhen” (安内真) in the Yangtze Delta alliance centralized procurement as well as “Anneixi” (安内喜) and “Anmeiping”(安美平) also were affected by the national centralized procurement. The sales volume and amount of “An” series products decreased by 27.4% and 10% respectively, as compared with the same period of 2022; the sales volume of Fujian Dawnrays series products which are mainly used for treating hyperlipidemia increased by 0.4% while the sales amount decreased by 3.1% as compared with the same period of last year; the sales volume of anti-allergic drugs “Xikewei”(西可韋) and “Xikexin”(西可新) increased by 1.1% while the sales amount decreased by 4.1% as compared with the same period of last year; the sales volume of Entecavir Dispersible Tablets increased by 6.1% while the sales amount decreased by 2.9% as compared with the same period of last year. The sales volume and amount of cephalosporin intermediates and bulk medicines increased by 133.6% and 99.5% respectively, as compared with the same period of 2022.

PRODUCT RESEARCH AND DEVELOPMENT

In the first half of the year, the Group officially established the “Advanced Technology Research Institute of Suzhou Dawnrays Pharmaceutical” to coordinate with and manage the technical R&D teams of various subsidiaries under Dawnrays Group, integrate the technical forces in the R&D of generic drugs and new drugs, and improve the Group's R&D level. In the meantime, the Institute will become a cooperation platform for the Group to introduce new drug research and development. The Group will continue investing more resources in R&D and innovation of production technology and products, and seek various cooperation opportunities externally so as to optimize product mix and profitability foundation.

CONSISTENCY EVALUATION

As at 30 June 2023, according to statistics by product specifications, the Group conducted quality and efficacy research on 32 varieties, with the applications for 14 varieties (Entecavir Dispersible Tablets (0.5mg), Amlodipine Besylate Tablets (5mg), Levocetirizine Dihydrochloride Tablets (5mg), Cetirizine Hydrochloride Tablets (10mg), Metformin Hydrochloride Tablets (250mg), Azithromycin Tablets (250mg), Amlodipine Besylate Tablets (2.5mg), Clarithromycin Tablets (250mg), Telmisartan Tablets (80mg), Cefprozil Tablets (250mg), Losartan Potassium and Hydrochlorothiazide Tablets (50mg/12.5mg), Cefoperazone Sodium and Sulbactam Sodium for Injection (1:1, 1.0g), Cefoperazone Sodium for Injection (1.0g) and Azithromycin Suspension (0.1g)) approved. The applications for consistency evaluation for 16 varieties have been submitted to the Center for Drug Evaluation, NMPA. Moreover, pharmaceutical research into 2 varieties are ongoing.

PROJECT CONSTRUCTION

During the period, the first phase of the project of Lanzhou Dawnrays was duly put into operation, the relocation of factory of Suzhou Dawnrays Pharmaceutical located on Tianling Road was completed and the factory on Shanfeng Road was undergoing production verification.

OTHER MATTERS

The Group continuously adhered to the management policy of quality first, and further improved its product quality. Work in terms of corporate governance and focusing on social responsibility was also promoted in an orderly manner. Safety and environmental protection were continuously improved. The corporate brand building and coordination among various departments will continue to be strengthened. The corporate structure will be optimized. Employee training and corporate culture construction were actively carried out to increase employees' sense of belonging and further enhance their cohesion.

NEW PRODUCTS

- (1) During the first half of 2023, the Group obtained a total of 8 approvals, including 4 approvals of marketing authorisation for Class 4 Abbreviated New Drug application, 2 approvals for the registration of Active Pharmaceutical Ingredient, 1 approval for supplementary application and 1 approval for extension of validity.
- (2) During the period, the Group applied to the Center for Drug Evaluation, NMPA for the registration of a total of 7 varieties, supplementary applications (consistency evaluation).

HONORS AWARDED TO THE GROUP IN THE FIRST HALF OF 2023

- (1) April 2023 Fujian Dawnrays Pharmaceutical Co., Ltd. was awarded the title of “Health Enterprise” by Healthy Licheng Construction Leading Group of Licheng District.
- (2) April 2023 Fujian Dawnrays Pharmaceutical Co., Ltd. was awarded the certificate of “High-New Technology Enterprise” by Department of Science and Technology of Fujian Province.

PROSPECT

With the normalization of adjustment to the list of drugs covered by medical insurance and the gradual clarification of rules for negotiation on drugs covered by medical insurance, the adjustment to the list of drugs covered by medical insurance supports innovative drugs and guides pharmaceutical enterprises to enhance innovation and improve their competitiveness on the demand side, which will greatly benefit the research and development of innovative drugs. In addition, generic chemical pharmaceuticals still dominate the pharmaceutical market in China. In generic drugs, national and regional Centralized Procurement have been steadily promoted, and the price reduction has remained stable. However, the rules for renewal of contracts in the Centralized Procurement have been changed to comprehensive review and selection of multiple winners, thus the competition has become more intense. Meanwhile, the retail market prices are also affected by Centralized Procurement prices. Replicated and low-end generic drugs will be gradually eliminated from the market or replaced by new-generation products, and first

generic and hard-to-replicate products will become the growth point of the generic drug market in the future.

In the future, the Group will accelerate its progress in research and development, production and sales, so as to adapt to and cooperate with the national planning and development. In terms of research and development, the Group relies on the Advanced Technology Research Institute platform to integrate internal and external resources, and combines generic and innovation, to make profit for the Group continuously. In terms of production, with the completion of the two relocation projects and the obtaining of the approval for production after verification, the Group has better production conditions to improve the Group's industry chain and form new business growth poles, so as to cope with the wave of national healthcare reform and industry development, promotes the construction of high-end, intelligent, green and international enterprises, and enhances the Group's competitiveness to face the impact of healthcare reform and the general trend of survival of the fittest. In terms of sales, the Group will continue to explore and innovate the marketing model of chronic disease prescription drugs in retail pharmacies and online store, strengthen the Dawnrays brand and create the second growth curve for the Group. In terms of talent, the Group will strengthen the deployment and echelon construction of innovative and technical talents and management talents to bring new ideas and new impetus to the Group. The Group will rely on its high-quality pharmaceutical products and adequate financial resources, continue to enhance its operational efficiency, improving the sustainable development of the Group and at the same time bringing long-term value to its shareholders.

FINANCIAL REVIEW

SALES AND GROSS PROFIT

For the six months ended 30 June 2023, the Group recorded a turnover of approximately RMB649,920,000, representing an increase of 4.2%, compared with that of RMB623,478,000 during the corresponding period of last year. Of which, sales of finished drugs was RMB540,313,000, representing a decrease of sales amount of RMB28,231,000 or 5.0% as compared with the corresponding period of last year; sales of intermediates and bulk medicines was RMB109,607,000, representing an increase of RMB54,673,000 or 99.5% as compared with the corresponding period of last year.

Finished drugs comprise system specific medicines, powder for injection and tablets of cephalosporin and other oral solid-dosage-form of antibiotics. Taking into account of the total turnover, sales amount of finished drugs was approximately 83.1%, representing a decrease of 8.1 percentage points as compared with last year, of which, sales amount of system specific medicines accounted for approximately 94.5% of sales of finished drugs.

Due to the impact of the relocation of factory of Suzhou Dawnrays Pharmaceutical located on Tianling Road, export sales during the period amounted to RMB8,903,000, accounted for approximately 1.4% of the total turnover, representing a decrease of 47.4% as compared with the corresponding period of last year. The export destinations mainly included countries such as Pakistan, Vietnam and Singapore etc.

Gross profit was approximately RMB361,849,000, which was decreased by RMB30,429,000 or 7.8% as compared with the corresponding period of last year. Gross profit margin was 55.7%, which was decreased by 7.2 percentage points as compared with 62.9% as in the corresponding period of last year. This was mainly due to the effect of change in sales structure and increase in the cost.

TABLE OF TURNOVER ANALYSIS – by product category

PRODUCT	TURNOVER (RMB'000)			SALES BREAKDOWN (%)		
	For the six months ended 30 June			For the six months ended 30 June		
	2023	2022	Changes	2023	2022	Percentage points changes
Finished Drugs	540,313	568,544	-28,231	83.1	91.2	-8.1
Intermediates and Bulk Medicines	109,607	54,934	54,673	16.9	8.8	8.1
Overall	649,920	623,478	26,442	100.0	100.0	0.0

EXPENSES

During the period, the expenses incurred were approximately RMB177,267,000, equivalent to 27.3% of turnover (2022: 27.5%), a decrease of 0.2 percentage points as compared with the same period of last year. The total expenses increased by approximately RMB5,606,000 as compared with the same period of last year. Among them, selling expenses were RMB68,999,000, which was decreased by RMB9,932,000 or 12.6% as compared with the corresponding period of last year. The decrease was mainly due to the decrease in sales of finished drugs. The administrative expenses were RMB59,180,000, which was increased by RMB4,985,000 or 9.2% as compared with the same period of last year. This was mainly due to the effect of the increase in salaries and wages, depreciation and the equity-settled share option expense. Research and development expenses were RMB30,761,000, which was increased by RMB801,000 as compared with the corresponding period of last year. Other expenses were RMB17,994,000, an increase of RMB9,644,000 as compared with the corresponding period of last year. This was mainly due to the exchange loss of Renminbi related to the associate company's loan and the loss on disposal of non-removable assets in the factory of Suzhou Dawnrays Pharmaceutical located on Tianling Road.

SEGMENT PROFIT

For the six months ended 30 June 2023, the segment profit of finished drugs segment was approximately RMB290,301,000, which was decreased by approximately RMB10,244,000 when compared with the segment profit of RMB300,545,000 as in the first half of 2022. This was mainly due to the effect of decrease in production and increase in cost. The segment loss of intermediates and bulk medicines segment was approximately RMB12,269,000, which was increased by RMB2,920,000 when compared with the loss of RMB9,349,000 as in the first half of 2022. The main reason was Lanzhou Dawnrays just started production and had not reached the normal production capacity which had caused the impact of rising costs.

INTERESTS AND RIGHTS IN ASSOCIATE

AD Pharmaceuticals Co., Ltd. (“AD Pharmaceuticals”), which is 35% owned by the Group’s subsidiary, Dawnrays Biotechnology Capital (Asia) Ltd. (“Dawnrays Biotechnology”), is developing two new drugs. Of which, Pulocimab (VEGFR-2 monoclonal antibody, (AK109), proposed to be used for the treatment of advanced solid tumor), is still carrying out phase II clinical trial. Ebronucimab injection (anti-PCSK9 monoclonal antibody, AK102), to be used for the treatment of two indications: (i) primary hypercholesterolemia and mixed hyperlipidemia, and (ii) heterozygous familial hypercholesterolemia (“HeFH”), had completed phase III clinical trial and the new drug application was accepted by National Medical Products Administration (“NMPA”) of the People’s Republic of China in June 2023. As at 30 June 2023, Dawnrays Biotechnology has invested RMB185,000,000. In addition, the unsecured interest-bearing loan provided by Dawnrays Biotechnology to AD Pharmaceuticals and interest outstanding balance totaled RMB120,143,000 (31 December 2022: RMB51,825,000). According to the situation of AD Pharmaceutical’s fund and to reduce loan interest expenses, the third lot loan RMB38,500,000 under shareholder loan agreement signed on 24 October 2022 was amended to be paid on or before 30 September 2023. During the period, the Group shared, in proportion to the investment percentage, an investment loss of approximately RMB20,298,000 (2022: RMB20,493,000).

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the six months ended 30 June 2023, profit attributable to owners of the parent amounted to approximately RMB255,941,000, representing an increase of RMB84,280,000 or 49.1% as compared with the corresponding period of last year. The reason for the increase was due to the after tax government relocation compensation amounting approximately RMB115,984,000 for the disposal of assets at the factory of Suzhou Dawnrays Pharmaceutical located on Tianling Road included in other income (before tax RMB142,882,000). After deduction of this compensation, profit attributable to owners of the parent amounted to approximately RMB139,957,000, which was decreased by RMB31,704,000 or 18.5% as compared with the corresponding period of last year.

ANALYSIS ON THE RETURN ON ASSETS

As at 30 June 2023, net assets attributable to owners of the parent were approximately RMB2,807,865,000. 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, was 9.1% (2022: 6.9%). The current ratio and quick ratio was 2.59 and 2.24 respectively. Turnover days for trade receivables were approximately 56 days. Turnover days for accounts receivable including trade and notes receivables were approximately 111 days. The turnover days for accounts receivable including trade and notes receivables has increased 17 days as compared with the corresponding period of last year. This was mainly due to the decrease in the proportion of centralized procurement products which had fast payment periods and the increase in the proportion of bulk medicines which had long payment period. Turnover days for inventory were approximately 145 days, a decrease of 8 days as compared with the corresponding period of last year. This was mainly due to the decrease of specific medicines’ stock.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at 30 June 2023, the Group had financial assets at fair value through profit or loss (comprising of certain listed shares investments) including:

- (i) invested in certain Hong Kong public listed shares amounted approximately RMB10,991,000 (31 December 2022: approximately RMB10,500,000);
- (ii) purchased certain structured deposits of floating income principal-preservation type with annual interest rate from 0% to 3.5625% of approximately RMB179,000,000 (31 December 2022: RMB170,000,000) from five good credit worth banks in China. The expected yield would be approximately RMB1,506,000 in total. The structured deposits were relatively lower risk of default. All principal and interests will be paid together on the maturity date. The Board believes that the investment in aforementioned structured deposits can strengthen the financial position of the Group and bring the fruitful contribution to the profit of the Group.

The above mentioned financial assets at fair value through profit or loss amounted to approximately RMB191,497,000 (31 December 2022: approximately RMB181,357,000), representing approximately 5.4% (31 December 2022: 4.9%) of the total assets of the Group. For the period ended 30 June 2023, the Group recorded net gain of approximately RMB3,484,000 (2022: RMB3,979,000) on the financial assets at fair value through profit or loss. The Board believes that investing in equity investments and financial assets can diversify the Group's investment portfolio and achieve better returns in the future.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the Group held cash and bank balances of approximately RMB741,149,000 (as at 31 December 2022: RMB811,682,000). Financial assets at fair value through profit or loss amounted to approximately RMB191,497,000 (as at 31 December 2022: approximately RMB181,357,000). Holding notes receivable amounted to RMB204,324,000 (as at 31 December 2022: RMB194,022,000).

During the period, the net cash flows from operating activities was approximately RMB192,470,000 (2022: RMB269,303,000). Net cash flows used in investing activities was approximately RMB204,020,000 (2022: RMB249,113,000). Net cash flows used in financing activities was approximately RMB70,538,000 (2022: RMB76,573,000). Cash and cash equivalents decreased by approximately RMB82,088,000 (2022: RMB56,383,000).

As at 30 June 2023, the Group had aggregate bank facilities of approximately RMB1,075,000,000 (as at 31 December 2022: RMB1,370,000,000). As at 30 June 2023, the Group's interest-bearing bank and other borrowings were RMB32,340,000 (as at 31 December 2022: RMB6,434,000), consisted of undue discounted notes receivable RMB27,340,000 and a short term bank loan of RMB5,000,000 which were subject to the arrangement of fixed interest rates at 1.75% and 3.9% per annum respectively. The short term bank loan is secured by corporate guarantee of the Group's subsidiary. As at 30 June 2023, the debt ratio (defined as sum of interest-bearing bank and other borrowings over total assets) of the Group was 0.91% (as at 31 December 2022: 0.18%).

As at 30 June 2023, the Group had inventory balance approximately RMB221,637,000 (as at 31 December 2022: RMB241,746,000).

SIGNIFICANT INVESTMENT AND ASSETS CHANGES

Due to the urban planning adjustment of Wuzhong Economic Development District by Suzhou Municipal People's Government, whole entity of factory of Suzhou Dawnrays Pharmaceutical located on Tianling Road relocated to Shanfeng Road in Wusongjiang Chemical Industrial Park of Wuzhong Economic Development Zone (the "Relocation Project"). Suzhou Dawnrays Pharmaceutical entered into the Compensation Agreement in respect of the relocation of factory located on Tianling Road with the local government on 20 December 2017. Both parties agreed the relocation compensation amount was approximately RMB351,200,000. The planned investment of the Relocation Project is RMB448,000,000. As of 30 June 2023, Suzhou Dawnrays Pharmaceutical had received relocation compensation of RMB175,595,000. The relocation of factory of Suzhou Dawnrays Pharmaceutical located on Tianling Road was completed. The solvent recovery workshop in the factory of Suzhou Dawnrays Pharmaceutical located on Shanfeng Road had been put into operation. The remaining workshops were also completed and are undergoing production verification. During the period, Dawnrays International Company Ltd. invested payable registered capital of USD10,000,000 into Suzhou Dawnrays Pharmaceutical.

The registered capital of Lanzhou Dawnrays, the Group's production base for bulk medicines and intermediates, was RMB540,344,000. During the period, Suzhou Dawnrays Pharmaceutical invested payable registered capital of RMB35,000,000. As at 30 June 2023, the aggregated paid-up registered capital was RMB355,750,365. The project covers an area of 250 mu. The main products are cephalosporin bulk medicines and intermediates, system specific bulk medicines, raw materials of enzyme inhibitors, and raw materials of health supplements. The funds of RMB475,000,000 are planned to be invested in the project. The phase I of the project was completed and put into production.

Due to the planning adjustment in Yangkou Chemical Industrial Park by the Rudong County People's Government of Nantong City, Dawnrays (Nantong) Pharmaceutical Science and Technology Co, Ltd. ("Dawnrays Nantong") returned the plant and land to the local government. As the business has been transferred to Lanzhou Dawnrays, Dawnrays Nantong applied to reduce the registered capital to USD100,000 in April 2023 and was approved to return the shareholder investment USD14,900,000 to Dawnrays International Company Ltd.. Dawnrays Nantong started the voluntary dissolution procedure in the second half of 2023 and it is expected to complete within this year.

As at 30 June 2023, there was no sign of impairment of goodwill of RMB241,158,000 generated from the acquisition of Top Field Limited and its subsidiary, Fujian Dawnrays Pharmaceutical Co., Ltd..

As at 30 June 2023, the Group's contracted but not provided for plant and machinery capital commitments amounted to approximately RMB124,154,000 (as at 31 December 2022: RMB110,318,000), which mainly related to investments in the project of Lanzhou Dawnrays and the relocation project of Suzhou Dawnrays Pharmaceutical.

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

The Group has sufficient financial and internal resources, but still may finance aforesaid capital expenditure with bank borrowing(s) or the Group's internal resources.

FOREIGN EXCHANGE AND TREASURY POLICIES

For the period ended 30 June 2023, the Group recorded an exchange loss of RMB6,205,000 (2022: RMB3,346,000) due to the fluctuation of Renminbi exchange rate, which mainly effected by the fluctuation of Renminbi exchange rate related to the associate company's loan. During the period, the Group's substantial business activities, assets and liabilities are denominated in Renminbi, so the risk derived from the foreign exchange is not high. However, the Group pays dividends in Hong Kong dollars. Therefore, foreign exchange risk is mainly related to the Hong Kong dollar.

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 2023, the Group employed 1,132 employees and the total remuneration during the period was approximately RMB96,929,000 (2022: RMB75,350,000). This was mainly due to Lanzhou Dawnrays had been put into operation, the factories of Suzhou Dawnrays Pharmaceutical located on Tianling Road and Shanfeng Road commenced production and verification at the same time, this lead to the increase in labour force. In addition, there was the reversal of equity-settled share option cost of approximately RMB1,383,000 (2022: RMB5,865,000) after staff resignation during the period. 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 2023, the Group had not pledged any assets to banks to secure credit facilities granted to its subsidiaries (as at 31 December 2022: nil).

CONTINGENT LIABILITIES

As at 30 June 2023, 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 "Significant Investment and Assets Changes", increase registered capital of subsidiaries and capital investment for the Relocation Project, the Group does not have any plan for significant investments or acquisition of capital assets.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

For the six months ended 30 June 2023, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

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 2023.

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 2023.

UPDATE ON DIRECTOR'S INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of the Director since the date of the Company's 2022 Annual Report is set out below:

Mr. EDE, Ronald Hao Xi resigned as an independent non-executive director of Mindray Medical International Ltd. (a company listed on Shenzhen Stock Exchange) on 18 May 2023.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules to oversee the Group's financial reporting system, risk management and internal control systems. As at the date of this announcement, the Audit Committee's chairman is Mr. Lo Tung Sing Tony, Mr. Ede, Ronald Hao Xi and Ms. Lam Ming Yee Joan are the committee's members, all of them are independent non-executive directors of the Company.

The unaudited interim condensed consolidated financial statements of the Company for the six months ended 30 June 2023 have been reviewed by the Audit Committee before making recommendation to the Board for approval.

INTERIM DIVIDEND

The Board resolved to declare an interim dividend of HK\$0.015 per share for the year ending 31 December 2023, approximately amounting to a total sum of HK\$22,497,000 (equivalent to approximately RMB20,986,000).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Thursday, 21 September 2023 to Friday, 22 September 2023 (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, 22 September 2023. 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 Hong Kong branch share registrar and transfer office, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Wednesday, 20 September 2023. Dividend warrants will be dispatched to shareholders on or about Thursday, 5 October 2023.

APPRECIATION

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

By Order of the Board

Dawnrays Pharmaceutical (Holdings) Limited

Li Kei Ling

Chairman

Hong Kong, 25 August 2023

As at the date of this announcement, the Board of the Company comprises two Executive Directors, namely Ms. Li Kei Ling and Mr. Hung Yung Lai; one Non-executive Director namely Mr. Leung Hong Man; and three Independent Non-executive Directors, namely Mr. Lo Tung Sing Tony, Mr. Ede, Ronald Hao Xi and Ms. Lam Ming Yee Joan.