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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)

BUSINESS UPDATES

TERMINATION OF MASTER AGENCY AGREEMENT

This announcement is made by Dawnrays Pharmaceutical (Holdings) Limited (the “Company”) to provide its shareholders and potential investors with updated information in relation to the sales of 0.5mg “Leiyide” (雷易得) (Entecavir Dispersible Tablets) (“Leiyide” or the “Product”) manufactured by the Company’s subsidiary Suzhou Dawnrays Pharmaceutical Co., Ltd. (“Suzhou Dawnrays”) (collectively referred to as the “Group”).

After production approval being obtained by Suzhou Dawnrays, Suzhou Dawnrays entered into a national master agency agreement with an independent third party, a pharmaceutical company incorporated in China (the “Agency”), pursuant to which the Agency shall be responsible for the marketing and sales of the Product throughout China (excluding Hong Kong and Macau).

Recently, given the change in group structure of the Agency, and profound effect on the sales model of domestic pharmaceutical products caused by the introduction of a series of policies by the Chinese government, the Group is of the view that, after considering various factors and carrying out cautious and thorough analysis and deliberation, it would be very beneficial to the positive development of the Product in domestic market if the Group directly and fully controls the sales of the Product.

On the basis of the above conclusion, upon amicable negotiations and reaching consensus, Suzhou Dawnrays and the Agency agreed to terminate early the national master agency agreement with effect from July 2016, and the sales team of Suzhou Dawnrays shall take over organization of all sales matters relating to the Product in China.

The board of directors of the Company expects that the Group would proactively and effectively take advantage of the pricing strategy, marketing inputs and terminal management capabilities of Leiyide if the sales team which already established and fostered for years by the Group sell it directly to the customers in domestic market. Consequently, the Group would be able to expand its market share, which in turn would benefit the future development of the Product in China market.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By Order of the Board
Dawnrays Pharmaceutical (Holdings) Limited
Li Kei Ling
Chairman

Hong Kong, 15 July 2016

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.

** For identification purpose only*