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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)

**BUSINESS UPDATE
DISPOSAL OF INTEREST IN A SUBSIDIARY**

This is a voluntary announcement made by Dawnrays Pharmaceutical (Holdings) Ltd. (the “Company” together with its subsidiaries, collectively referred to as the “Group”).

On 30 July 2021, Dawnrays International Company Limited (a wholly-owned subsidiary of the Group) (as seller), 蘇州融新建設發展有限公司 (Suzhou Yongxin Construction and Development Co., Ltd. *) (an independent third party (a property developer ultimately owned by the local government of Wuzhong Economic Development District, Suzhou, China)) (as purchaser), and 蘇州東瑞醫葯科技有限公司 (Su Zhou Dawnrays Pharmaceutical Science and Technology Co., Ltd.*) (“Su Zhou Dawnrays Pharma Sci-Tech”) (a wholly-owned subsidiary of the Group) entered into a sale and purchase agreement with in respect of the disposal (“Disposal”) of the Group’s 65% interest in Su Zhou Dawnrays Pharma Sci-Tech for total consideration of RMB104 million (approximately HK\$125.14million). Su Zhou Dawnrays Pharma Sci-Tech has a registered capital of USD6 million and primarily provides solvent recovery services to the Group’s production plant in Suzhou, China. As disclosed in the Company’s announcement dated 20 December 2017, the Group’s Suzhou subsidiary has been requested by the local government to relocate its production plant to another part of Wuzhong Economic Development District in Suzhou. In anticipation of the establishment of the new production base with technical upgrade, it is expected that the function of Su Zhou Dawnrays Pharma Sci-Tech will be absorbed and consolidated. Upon completion of the Disposal, Su Zhou Dawnrays Pharma Sci-Tech will cease to be a subsidiary of the Group and it is estimated that the Group would recognise a gain on the Disposal of approximately RMB64.61 million (approximately HK\$77.75million). The Group will account for its remaining 35% interest in Su Zhou Dawnrays Pharma Sci-Tech using equity method.

The Disposal does not constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules. This announcement is made on a basis to keep shareholders and potential investors informed of the latest development of the Group.

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

Hong Kong, 30 July 2021

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. Chen Shaojun; one non-executive director, namely Mr. Leung Hong Man; three independent non-executive directors, namely Mr. Lo Tung Sing Tony, Mr. Ede, Ronald Hao Xi and Ms. Lam Ming Yee Joan.

In this announcement, conversion of RMB into HK\$ is based on the exchange rate of RMB1.00 to HK\$1.2033. The exchange rates have been used, where applicable, for the purposes of illustration only and do not constitute a representation that any amounts in RMB or HK\$ were or may have been exchanged at this or any other rates or at all.

** for identification purpose only*