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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)

DISCLOSEABLE TRANSACTION PROVISION OF FINANCIAL ASSISTANCE

On 24 October 2022, Dawnrays Biotech (a wholly-owned subsidiary of the Company) entered into the Loan Agreement with AD Pharmaceuticals, pursuant to which Dawnrays Biotech has agreed to provide an unsecured loan in the principal amount of RMB105,000,000 to AD Pharmaceuticals for a term of five (5) years.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of both (i) the Loan, and (ii) the Loan when aggregated with the Existing Loan, are more than 5% but less than 25%, the financial assistance granted under the Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

PROVISION OF FINANCIAL ASSISTANCE

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THE LOAN AGREEMENT

Summarised below are the principal terms of the Loan Agreement:

Date : 24 October 2022

Lender : Dawnrays Biotech

Borrower	:	<p>康融東方(廣東)醫藥有限公司 (AD Pharmaceuticals Co., Ltd.), a company incorporated in the PRC which is owned as to 65% and 35% by Akeso Biopharma and Dawnrays Biotech respectively</p> <p>To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Akeso Biopharma and its ultimate beneficial owner (being Akeso, Inc., the shares of which are listed on the Stock Exchange (Stock Code: 9926)) are third parties independent of the Company and its connected persons (as defined under the Listing Rules)</p>
Principal amount of the Loan	:	RMB105,000,000
Date of drawdown	:	<p>the Loan will be drawn down in three tranches as follows:-</p> <p>(i) RMB31,500,000 will be advanced to AD Pharmaceuticals by 30 November 2022 or, if later, within 5 business days upon the completion of the necessary governmental registration in the PRC;</p> <p>(ii) RMB35,000,000 will be advanced to AD Pharmaceuticals before 28 February 2023; and</p> <p>(iii) the remaining RMB38,500,000 will be advanced to AD Pharmaceuticals before 30 June 2023</p>
Interest Rate	:	3.5% per annum calculated on the basis of a 365-day year, payable in full at the end of the term of the Loan together with the repayment of the Loan
Term	:	Five (5) years from the date on which of the first tranche of the Loan is being drawn down
Voluntary Prepayment	:	AD Pharmaceuticals may at any time prepay all or part of the Loan

The terms of the Loan Agreement were arrived at after arm's length negotiations amongst Dawnrays Biotech and AD Pharmaceuticals with reference to the funding requirements of AD Pharmaceuticals and the cost of funds to the Group.

FUNDING OF THE LOAN

The Group will finance the Loan by internal resources.

INFORMATION ON THE GROUP AND DAWNRAYS BIOTECH

The Group is principally engaged in the development, manufacture and sale of non-patented pharmaceutical medicines including intermediate pharmaceutical, bulk medicines and finished drugs.

Dawnrays Biotech is a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company. It is principally engaged in the investment and development of biotech projects, mainly targeting oncology and cardiovascular diseases.

REASONS FOR, AND BENEFITS OF, THE LOAN AGREEMENT

Reference is made to the announcements of the Company dated 14 December 2016, 16 March 2017, 24 June 2020 and 9 September 2021 in relation to the formation of AD Pharmaceuticals, a joint venture company owned as to 65% and 35% by Akeso Biopharma and Dawnrays Biotech respectively.

AD Pharmaceuticals is primarily engaged in the development of Ebronucimab (AK102) (PCSK9 monoclonal antibody for the treatment of acquired and inherited hyperlipidemias, which is in phase III clinical trial as of the date of this announcement) and Pulocimab (AK109) (VEGFR-2 monoclonal antibody for the treatment of advanced solid tumors, which, as of the date whereas this announcement is in phase I clinical trial, the results of Phase I clinical trial of AK109 for treatment of advanced or metastatic solid tumors were presented at 2022 ASCO Annual Meeting in June 2022).

The Loan represents the pro rata funding by Dawnrays Biotech as shareholder of AD Pharmaceuticals to support its business operations and continued clinical product development, as well as the construction of its industrialisation base at the China-Singapore Guangzhou Knowledge City* (中新廣州知識城) in Guangzhou, the PRC, which has been partially put into production in May 2022.

In view of the above, the Board considers that the terms of the Loan Agreement and the entering into of the Loan Agreement to be fair and reasonable and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

The grant of the Loan under the Loan Agreement is a financial assistance provided by the Company within the meaning of the Listing Rules.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of both (i) the Loan, and (ii) the Loan when aggregated with the Existing Loan, are more than 5% but less than 25%, the financial assistance granted under the Loan Agreement constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the words or expressions below shall have the following meanings when used herein:

“AD Pharmaceuticals”	康融東方(廣東)醫藥有限公司 (AD Pharmaceuticals Co., Ltd.), a company incorporated in the PRC and the borrower under the Loan Agreement, and is owned as to 65% and 35% by Akeso Biopharma and Dawnrays Biotech respectively
“Akeso Biopharma”	中山康方生物醫藥有限公司 (Akeso Biopharma Co., Ltd.*), a company incorporated in the PRC in March 2012 and a subsidiary of Akeso, Inc. (康方生物科技(開曼)有限公司), an exempted company with limited liability incorporated under the laws of the Cayman Islands, the shares of which are listed on the Stock Exchange (Stock Code: 9926)
“Board”	the Board of Directors
“Company”	Dawnrays Pharmaceutical (Holdings) Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Stock Exchange
“Dawnrays Biotech”	Dawnrays Biotechnology Capital (Asia) Limited (東瑞生物投資發展(亞洲)有限公司), a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Existing Loan”	an unsecured loan advanced by Dawnrays Biotech in favour of AD Pharmaceuticals under a loan agreement dated 2 February 2021 (further details of which are set out in the Company’s announcement dated 2 February 2021), with an outstanding principal amount of RMB49,000,000 as at the date of this announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	an unsecured loan in a principal amount of RMB105,000,000 provided by Dawnrays Biotech to AD Pharmaceuticals under the Loan Agreement
“Loan Agreement”	the loan agreement dated 24 October 2022 entered into between Dawnrays Biotech and AD Pharmaceuticals in respect of the Loan
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“ASCO”	American Society of Clinical Oncology

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

Hong Kong, 24 October 2022

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.

** for identification purpose only*