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If you have sold or transferred all your shares in Dawnrays Pharmaceutical (Holdings) Limited, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or the transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or the transferee(s).

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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)

**(i) PROPOSED SPECIAL DIVIDEND;
(ii) PROPOSED SHARE SUB-DIVISION; AND
(iii) NOTICE OF EXTRAORDINARY GENERAL MEETING**

A notice convening the extraordinary general meeting of the Company to be held at Plaza 3, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 3 August 2018 at 11:00 a.m. is set out on pages 11 to 13 of this circular.

Whether or not you are able to attend the extraordinary general meeting in person, you are requested to complete and return the accompanying form of proxy to the Hong Kong branch share registrar and transfer office of the Company, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the time of the EGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the EGM should you so wish.

* For identification purpose only

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DEFINITIONS

In this circular, unless the context otherwise requires, the following terms or expressions shall have the meanings set out below:

“Board”	the board of directors of the Company
“Business Day”	a day (other than a Saturday and Sunday) on which banks in Hong Kong are generally open for normal banking business
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	Dawnrays Pharmaceutical (Holdings) Limited, a company incorporated in Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 2348)
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider and, if thought fit, approve, among other things, the Share Sub-division and the Proposed Special Dividend
“Group”	collectively, the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	13 July 2018, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	ordinary share(s) of a par value of HK\$0.10 each in the share capital of the Company before the Share Sub-division becoming effective
“Share Option(s)”	the share options to be granted under the Share Option Scheme entitling the holders thereof to subscribe for Share(s) or Sub-divided Share(s) (as the case may be)

DEFINITIONS

“Share Option Scheme”	the share option scheme of the Company approved by the holders of Shares on 24 May 2013
“Share Sub-division”	the proposed sub-division of each issued and unissued Share into two (2) Sub-divided Shares
“Shareholder(s)”	holder(s) of the Share(s)
“Special Dividend”	the special dividend of HK\$0.15 per Share (equivalent to HK\$0.075 per Sub-divided Share upon the Share Sub-division becoming effective) as recommended by the Board
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sub-divided Shares”	ordinary share(s) of a par value of HK\$0.05 each in the share capital of the Company upon the Share Sub-division becoming effective
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong

EXPECTED TIMETABLE

The expected timetable for the Share Sub-division is set out below. The expected timetable is subject to the results of the EGM and is therefore for indicative purpose only.

Event	Time and date
Latest time for lodging forms of proxy for the EGM	11:00 a.m. on Wednesday, 1 August 2018
Date and time of the EGM.....	11:00 a.m. on Friday, 3 August 2018
Announcement of voting results of the EGM.....	Friday, 3 August 2018

The following events are conditional upon the fulfilment of the conditions for the implementation of the Share Sub-division as set out in the section headed “Conditions of the Share Sub-division” in the Letter from the Board:

Effective date of the Share Sub-division.....	Monday, 6 August 2018
First day of free exchange of existing share certificates for new share certificates for the Sub-divided Shares.....	Monday, 6 August 2018
Dealings in Sub-divided Shares commence.....	9:00 a.m. on Monday, 6 August 2018
Original counter for trading in Shares in board lots of 1,000 Shares temporarily closes.....	9:00 a.m. on Monday, 6 August 2018
Temporary counter for trading in Sub-divided Shares in board lot size of 2,000 Sub-divided Shares (in the form of existing share certificates) opens	9:00 a.m. on Monday, 6 August 2018
Original counter for trading in Sub-divided Shares in board lots of 1,000 Sub-divided Shares (only new share certificates for the Sub-divided Shares can be traded at this counter) reopens	9:00 a.m. on Monday, 20 August 2018
Parallel trading in the Shares and Sub-divided Shares (in the form of existing share certificates and new share certificates) commences.....	9:00 a.m. on Monday, 20 August 2018

EXPECTED TIMETABLE

Event	Time and date
Temporary counter for trading in Sub-divided Shares in board lot size of 2,000 Sub-divided Shares (in the form of existing share certificates) closes	4:00 p.m. on Friday, 7 September 2018
Parallel trading in the Shares and Sub-divided Shares (in the form of existing share certificates and new share certificates) ends	4:00 p.m. on Friday, 7 September 2018
Last day of free exchange of existing share certificates for the new share certificates for the Sub-divided Shares	Tuesday, 11 September 2018

All times and dates specified in this circular refer to Hong Kong local times. Dates stated in this circular for events mentioned in the timetable are indicative only and may be extended or varied. Any changes to the expected timetable for the proposed Share Sub-division will be announced as appropriate in accordance with the Listing Rules.



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)

Executive Directors:

Ms. LI Kei Ling (*Chairman*)
Mr. HUNG Yung Lai
Mr. CHEN Shaojun

Non-executive Director:

Mr. LEUNG Hong Man

Independent Non-executive Directors:

Mr. LO Tung Sing Tony
Mr. EDE, Ronald Hao Xi
Ms. LAM Ming Yee Joan

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

Head office and principal

place of business in Hong Kong:

Units 3001-02, 30/F.
CNT Tower
338 Hennessy Road
Wanchai
Hong Kong

18 July 2018

To the Shareholders

Dear Sir/Madam,

**(i) PROPOSED SPECIAL DIVIDEND;
(ii) PROPOSED SHARE SUB-DIVISION; AND
(iii) NOTICE OF EXTRAORDINARY GENERAL MEETING**

Reference is made to the announcement of the Company dated 11 July 2018 in respect of the proposed Special Dividend and Share Sub-division.

The purpose of this circular is to provide you with (i) further details of Special Dividend and the Share Sub-division, including the trading arrangement in respect of the Sub-divided Shares; and (ii) the notice of the EGM and form of proxy.

* For identification purpose only

LETTER FROM THE BOARD

PROPOSED DECLARATION AND PAYMENT OF SPECIAL DIVIDEND

The Board has recommended the declaration and payment of a special dividend of HK\$0.15 per Share (equivalent to HK\$0.075 per Sub-divided Share upon the Share Sub-division becoming effective). As at the Latest Practicable Date, the issued share capital of the Company comprised 793,191,000 fully paid up Shares. Assuming that there is no change in the issued share capital of the Company during the period from the Latest Practicable Date to the date of the EGM, the Special Dividend, if declared and paid, will amount to an aggregate amount of HK\$118,978,650.

Subject to the passing of an ordinary resolution by the Shareholders at the EGM approving the declaration and payment of the Special Dividend, the Special Dividend will be paid on or about 11 October 2018 to the Shareholders whose names appear on the register of members of the Company on 26 September 2018.

Reasons for the declaration and payment of the Special Dividend

After taking into consideration of the existing cash flow of the Group and to commemorate the 15th listing anniversary of the Company, the Board considers that the Company has sufficient cash flow to pay a one-off Special Dividend to reward the Shareholders. The declaration and payment of the Special Dividend will not have any material adverse effect on the financial position of the Group.

Closure of Register of Members

For ascertaining shareholders' entitlement to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, 31 July 2018 to Friday, 3 August 2018 (both days inclusive) during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all transfer of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar and transfer office 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 Monday, 30 July 2018.

For determining the entitlement to receive the proposed Special Dividend, the register of members of the Company will be closed from Thursday, 27 September 2018 to Friday, 28 September 2018 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to receive the proposed Special Dividend, all transfer of shares of the Company accompanied by the relevant share certificates and appropriate transfer forms must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 26 September 2018.

It is expected that the Share Sub-division will become effective on a date prior to the record date for determining Shareholders' entitlement to the Special Dividend, which is now proposed to be 26 September 2018, and in such event, the Special Dividend will be adjusted proportionally from HK\$0.15 per Share to HK\$0.075 per Sub-divided Share.

LETTER FROM THE BOARD

PROPOSED SHARE SUB-DIVISION

The Board proposes to sub-divide each existing issued and unissued Share of HK\$0.10 each of the Company into two (2) Sub-divided Shares of HK\$0.05 each.

As at the Latest Practicable Date, the authorised share capital of the Company is HK\$1,000,000,000 divided into 10,000,000,000 Shares of par value of HK\$0.10 per Share of which 793,191,000 Shares have been issued and fully paid. Upon the Share Sub-division taking effect, and assuming that no further Shares will be issued or repurchased prior to the Share Sub-division becoming effective, the effect of the Share Sub-division is set at as follows:

	Prior to the Share Sub-division	Immediately upon completion of the Share Sub-division
Par value of each Share	HK\$0.10	HK\$0.05
Number of authorised Shares	10,000,000,000	20,000,000,000
Authorised Share capital	HK\$1,000,000,000	HK\$1,000,000,000
Number of Shares in issue	793,191,000	1,586,382,000

Conditions of the Share Sub-division

The Share Sub-division is conditional upon:

- (a) the passing of an ordinary resolution to approve the Share Sub-division by the Shareholders at the EGM; and
- (b) the Listing Committee granting approval to the listing of, and permission to deal in, the Sub-divided Shares.

Status of the Sub-divided Shares

The Sub-divided Shares will rank *pari passu* in all respects with each other and the Shares in issue prior to the Share Sub-division and the Share Sub-division will not result in any change in the relative rights of the Shareholders.

The Company will make an application to the Listing Committee for the listing of and the permission to deal in, the Sub-divided Shares.

Subject to the granting of the listing of, and permission to deal in, the Sub-divided Shares on the Stock Exchange, the Sub-divided Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Sub-divided Shares on the Stock Exchange or, under contingent situation, such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

LETTER FROM THE BOARD

No part of the securities of the Company is listed or dealt in on any other stock exchanges other than the Stock Exchange and no such listing or permission to deal in the securities of the Company is being or is proposed to be sought on any other stock exchanges other than the Stock Exchange.

Board Lot Size

The Shares are currently traded in the board lots of 1,000 Shares. Upon the Share Sub-division becoming effective, the board lot size for trading will remain unchanged in board lots of 1,000 Sub-divided Shares. The Share Sub-division is not expected to result in any odd lots other than those that already exist.

Based on the closing price of HK\$4.65 per Share (equivalent to HK\$2.325 per Sub-divided Share) as at the Latest Practicable Date, the value of each board lot of 1,000 Sub-divided Shares, assuming the Share Sub-division had already become effective, would be HK\$2,325.

Free exchange of Sub-divided Shares' certificates and trading arrangement

Subject to the Share Sub-division becoming effective, Shareholders may submit their existing share certificate(s) to the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, in exchange for new share certificates free of charge during the period from Monday, 6 August 2018 to Tuesday, 11 September 2018 (both days inclusive) between 9:00 a.m. and 4:30 p.m. on any Business Day. Such exchange of share certificates thereafter will be accepted only on payment of a fee of HK\$2.50 (or such higher amount as may from time to time be specified by the Stock Exchange) for each new share certificate issued or each existing share certificate submitted, whichever number of share certificate involved is higher. It is expected that the new share certificates will be available for collection from the Company's branch share registrar and transfer office in Hong Kong by the Shareholders within 10 business days after delivery of the existing share certificates to the Company's branch share registrar and transfer office in Hong Kong for exchange purpose.

The existing share certificates will only be valid for delivery, trading and settlement purposes for the period up to 4:00 p.m. on Tuesday, 11 September 2018 and thereafter will not be accepted for delivery, trading and settlement purposes. However, the existing share certificates will continue to be good evidence of title to the Sub-divided Shares on the basis of one Share for two Sub-divided Shares. The new share certificates for the Sub-divided Shares will be issued in light blue colour in order to distinguish them from the existing light green colour of the share certificates for the Shares.

As at the Latest Practicable Date, the Company has outstanding Share Options entitling the holders thereof to subscribe for a total of 25,750,000 Shares. Under the relevant terms and conditions of the Share Option Scheme, the Share Sub-division may lead to adjustments to the exercise price and/or the number of Shares falling to be issued upon the exercise of the Share Options. The Company will make further announcement(s) on such adjustments as and when appropriate.

LETTER FROM THE BOARD

Save as the Share Options disclosed above, as at the Latest Practicable Date, the Company does not have any derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

Odd lots arrangement

It is expected that the Share Sub-division will not result in any odd lot of the Shares other than those already exist, and therefore no odd lot arrangement for matching the sales and purchases of odd lots will be made.

Reasons for the Share Sub-division

The proposed Share Sub-division will decrease the par value of each Share and will increase the total number of Shares in issue. The Share Sub-division will result in downward adjustment to the trading price of the Shares. The Board believes that the Share Sub-division will improve the liquidity in trading of securities in the Company, thereby attracting more investors and widening the base of Shareholders. Accordingly, the Board considers that the Share Sub-division is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Save for the expenses incurred by the Company in implementing the Share Sub-division, the implementation of the Share Sub-division will have no material effect on the consolidated net asset value of the Group, nor will it alter the underlying assets, business, operations, management or financial position of the Company or the proportionate interests of the Shareholders. The Directors believe that the Share Sub-division will not have any material adverse effect on the financial position of the Group.

As at the Latest Practicable Date, the Company does not have any agreement, arrangement, understanding, intention or negotiation on any equity fund raising activity, capital reorganisation or other corporate action in the next 12 months which would have the effect of undermining or negating the intended purpose of the Share Sub-division.

EGM

A notice convening the EGM to be held at Plaza 3, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 3 August 2018 at 11:00 a.m. at which ordinary resolutions will be proposed to the Shareholders to consider and, if thought fit, to approve the proposed Special Dividend and Share Sub-division are set out on pages 11 to 13 of this circular.

In compliance with the Listing Rules, the ordinary resolutions will be voted by way of a poll at the EGM. To the best knowledge of the Directors, no Shareholders have a material interest in the proposed Special Dividend and Share Sub-division and accordingly, no Shareholder will have to abstain from voting at the EGM.

LETTER FROM THE BOARD

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to attend the EGM, you are requested to complete and return the form of proxy accompanying this circular in accordance with the instructions printed thereon in any event no later than Wednesday, 1 August 2018 at 11:00 a.m. (Hong Kong time). Completion and return of the form of proxy will not preclude you from attending and voting at the EGM or any adjournment thereof in person if you so wish, and in such event, the form of proxy shall be deemed to be revoked.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

RECOMMENDATION

The Directors consider that the proposed Special Dividend and the implementation of the Share Sub-division are in the interests of the Company and the Shareholders as a whole.

Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM to approve the proposed Special Dividend and the Share Sub-division.

Yours faithfully,
By order of the Board
Dawnrays Pharmaceutical (Holdings) Limited
LI Kei Ling
Chairman



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)

NOTICE IS HEREBY GIVEN THAT an extraordinary general meeting (the “**Meeting**”) of Dawnrays Pharmaceutical (Holdings) Limited (the “**Company**”) will be held at Plaza 3, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on Friday, 3 August 2018 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions with or without amendments each as an ordinary resolution of the Company:

ORDINARY RESOLUTIONS

1. “**THAT** the declaration and payment of a special dividend of HK\$0.15 per ordinary share of a par value of HK\$0.10 each in the share capital of the Company before the Share Sub-division (as defined below) becoming effective (equivalent to HK\$0.075 per Sub-divided Share (as defined below) upon the Share Sub-division becoming effective) be and is hereby approved and the directors of the Company (the “**Director(s)**”), be and are hereby authorised to take such action, do such things and execute such documents and deeds as considered necessary, desirable, appropriate and expedient for the purpose of or in connection with the foregoing.”
2. “**THAT** subject to and conditional upon the Listing Committee of The Stock Exchange of Hong Kong Limited granting the listing of, and permission to deal in, the Sub-divided Shares (as defined below), with effect from the business day immediately following the day of passing of this resolution:
 - (a) each of the issued and unissued shares of par value HK\$0.10 each of the Company be sub-divided into two (2) sub-divided shares of par value of HK\$0.05 each in the share capital of the Company (the “**Sub-divided Share(s)**”), and such Sub-divided Shares shall rank pari passu in all respects with each other and have the rights and privileges and be subject to the restrictions in respect of the ordinary shares contained in the articles of association of the Company (the “**Share Sub-division**”); and

* For identification purpose only

NOTICE OF EXTRAORDINARY GENERAL MEETING

- (b) the Directors of the Company be and are hereby authorised for and on behalf of the Company to take such action, do such things and execute such documents and deeds as considered necessary, desirable, appropriate and expedient for the purpose of or to give effect to the Share Sub-division.”

By order of the Board
Dawnrays Pharmaceutical (Holdings) Limited
LI Kei Ling
Chairman

Hong Kong, 18 July 2018

Notes:

1. For determining the entitlement to attend and vote at the Meeting, the register of members of the Company will be closed from Tuesday, 31 July 2018 to Friday, 3 August 2018, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the Meeting, all transfers of shares of the Company accompanied by the relevant share certificates and the appropriate share transfer forms must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 30 July 2018.
2. For determining the entitlement to the proposed special dividend, the register of members of the Company will be closed from Thursday, 27 September 2018 to Friday, 28 September 2018, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed special dividend, all transfer of shares of the Company accompanied by the relevant share certificates and the appropriate share transfer forms must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 26 September 2018, being the record date for determining member’s entitlement to the proposed special dividend.
3. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint another person as his proxy to attend and vote on his behalf. A member who is the holder of two or more shares of the Company may appoint more than one proxy to represent him and vote on his behalf. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
4. To be valid, the instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong not less than 48 hours before the time fixed for holding the Meeting or any adjournment thereof.
5. Delivery of an instrument appointing a proxy should not preclude a member from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
6. Further details regarding resolutions set out in paragraphs 1 and 2 of this notice of the Meeting will be sent to the shareholders of the Company together with this Notice of the Extraordinary General Meeting.

NOTICE OF EXTRAORDINARY GENERAL MEETING

As at the date of this notice, the board of directors 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.