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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**

**PROPOSED SPECIAL DIVIDEND**

The Board has resolved on 11 July 2018 to recommend for 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).

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.

**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.

The Share Sub-division will become effective after the conditions set out in the paragraph headed “Conditions of the Share Sub-division” below are fulfilled. All Sub-divided Shares will rank pari passu with each other and the Share Sub-division will not result in any change in the rights of the Shareholders.

**GENERAL**

The EGM will be convened by the Company to consider and, if thought fit, approve, among other things, the Share Sub-division and the declaration and payment of the Special Dividend. A circular containing, amongst other things, further details of the Share Sub-division and the proposed Special Dividend, including the trading arrangement in respect of the Sub-divided Shares, together with a notice of the EGM will be despatched to the Shareholders on or around 18 July 2018.

## **PROPOSED DECLARATION AND PAYMENT OF SPECIAL DIVIDEND**

Reference is made to the announcement of the Company dated 27 June 2018 in relation to the notice of a meeting of the Board for the purposes of, inter alia, considering the recommendation for declaration and payment of a special dividend.

The Board is pleased to announce that the Board has resolved on 11 July 2018 to recommend for 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).

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 15<sup>th</sup> 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.

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 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.

## 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 date of this announcement, 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:

	<b>Prior to the Share Sub-division</b>	<b>Immediately upon completion of the Share Sub-division</b>
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 and any new Sub-divided Shares which may fall to be issued pursuant to the exercise of the Share Options to be granted under the Share Option Scheme.

### 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 and any new Sub-divided Shares which may fall to be issued pursuant to the exercise of the Share Options to be granted under the Share Option Scheme.

## **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 date of this announcement, 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.

## **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.

### **EXPECTED TIMETABLE OF THE PROPOSED SHARE SUB-DIVISION**

The expected timetable of the proposed Share Sub-division is as follows:

Event	Time and date
Despatch date of circular in relation to the Share Sub-division and proposed Special Dividend with notice of the EGM and the related form of proxy to the Shareholders .....	on or around Wednesday, 18 July 2018
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
<i>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" above:</i>	
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

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 announcement refer to Hong Kong local times. Dates stated in this announcement 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.*

## **GENERAL**

The EGM will be convened by the Company to consider and, if thought fit, approve, among other things, the Share Sub-division and the declaration and payment of the Special Dividend. A circular containing, amongst other things, further details of the Share Sub-division and the proposed Special Dividend, including the trading arrangement in respect of the Sub-divided Shares, together with a notice of the EGM will be despatched to the Shareholders on or around 18 July 2018.

To the best of the knowledge, belief and information of the Directors having made all reasonable enquiries, no Shareholder is required under the Listing Rules to abstain from voting on the resolution regarding the Share Sub-division at the EGM.

## DEFINITIONS

In this announcement, unless the context otherwise requires, capitalised terms used herein shall have the following meaning:

“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
“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
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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)
“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

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

Hong Kong, 11 July 2018

*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.*

*\*For identification purpose only*