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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Dawnrays Pharmaceutical (Holdings) Limited, you should at once hand this circular to the purchaser or other transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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DAWRAYS PHARMACEUTICAL (HOLDINGS) LIMITED

東瑞製葯(控股)有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2348)

**PROPOSALS FOR GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES;
RE-ELECTION OF DIRECTORS;
PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME
AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

The notice convening the annual general meeting of Dawnrays Pharmaceutical (Holdings) Limited to be held at Plaza 3, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on 25 May 2023 at 10:00 a.m. is set out on pages 35 to 40 of this circular.

Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time of the AGM. Completion and delivery of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

* *For identification purpose only*

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“2022 Annual Report”	The annual report of the Company for the year ended 31 December 2022;
“Adoption Date”	the date on which adoption of the New Share Option Scheme is adopted by the Shareholders;
“AGM”	the annual general meeting of the Company to be held at Plaza 3, Novotel Century Hong Kong Hotel, 238 Jaffe Road, Wanchai, Hong Kong on 25 May 2023 at 10:00 a.m., notice of which is set out on pages 35 to 40 of this circular or any adjournment thereof;
“Articles”	the existing articles of association of the Company;
“associate(s)”	the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors of the Company;
“Companies Act”	The Companies Act, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
“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;
“Directors”	the directors of the Company;
“Employee Participant(s)”	any director (including executive directors, non-executive directors and independent non-executive directors) or employee (whether full time or part-time, but explicitly excludes any former employee) of the Company or any Subsidiary, including any person who is granted any Option as an inducement to enter into any employment contract with the Company or such Subsidiary;
“Existing Share Option Scheme”	the share option scheme adopted by the Company on 21 June 2013;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Individual Limit”	has the meaning as defined in paragraph 10 of Appendix III to this circular;

DEFINITIONS

“Latest Practicable Date”	20 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“New Share Option Scheme”	the proposed new share option scheme of the Company to be submitted to the Shareholders for approval at the AGM, a summary of the principal terms of which is set out in Appendix III to this circular;
“Option(s)”	option(s) to subscribe for Shares pursuant to the New Share Option Scheme;
“Participant(s)”	any participant of the New Share Option Scheme (as determined by the Board pursuant to the terms of the New Share Option Scheme) who is an Employee Participant or a Service Provider who the Board considers, in its sole discretion, to have contributed or will contribute to the Group;
“Service Provider(s)”	person(s) who provide advisory services and/or technical support services to the Group with respect to its product research and development and/or business development and operation, and excludes any professional service providers who are required to perform their services with impartiality and objectivity on a continuing or recurring basis in its ordinary and usual course of business which are material to the long term growth of the Group;
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company;
“Shareholder(s)” or “Member(s)”	the holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning ascribed to it under the Listing Rules) of the Company, whether incorporated in Hong Kong or elsewhere;
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission; and
“%” or “per cent”	percentage or per centum



DAWNRAYS PHARMACEUTICAL (HOLDINGS) LIMITED

東瑞製葯(控股)有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2348)

Executive Directors:

Ms. LI Kei Ling (*Chairman*)

Mr. HUNG Yung Lai

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

26 April 2023

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR GENERAL MANDATES TO ISSUE
AND REPURCHASE SHARES;
RE-ELECTION OF DIRECTORS;
PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME
AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

I. INTRODUCTION

The purpose of this circular is to provide you information regarding the proposals for the granting of the general mandates to issue and repurchase Shares and re-election of directors and adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme to enable you to make a decision on whether to vote for or against the resolutions in connection with such matters to be proposed at the AGM.

* *For identification purpose only*

LETTER FROM THE BOARD

II. GENERAL MANDATE TO REPURCHASE SHARES

At the annual general meeting of the Company held on 27 May 2022, a general mandate was given to the Directors to exercise the powers of the Company to repurchase Shares up to a maximum of 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of the ordinary resolution granting the general mandate. Such mandate will lapse at the conclusion of the AGM. Therefore, an ordinary resolution (“**Repurchase Resolution**”) will be proposed at the AGM to grant a general mandate to the Directors to exercise the powers of the Company to repurchase, at any time until the next annual general meeting of the Company following the passing of the Repurchase Resolution or such earlier date as stated therein, Shares up to a maximum of 10% of the number of issued shares of the Company at the date of passing of the Repurchase Resolution (“**Repurchase Mandate**”).

Subject to the passing of the proposed Repurchase Resolution at the AGM and assuming there being no change to the number of issued Shares in the Company from the Latest Practicable Date to the date of the AGM, the maximum number of Shares that may be repurchased by the Company under the Repurchase Mandate will be 149,944,500 Shares. If the Company conducts a share consolidation or subdivision after the ordinary resolution in relation to the Repurchase Mandate has been passed at the AGM, the maximum number of Shares which may be repurchased under the Repurchase Mandate shall be adjusted so that the maximum number of Shares which may be repurchased under the Repurchase Mandate as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

The Repurchase Mandate will, if granted, remain in effect until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the applicable laws of the Cayman Islands or by the Articles; and (iii) its revocation or variation by an ordinary resolution of the Shareholders in general meeting.

An explanatory statement, as required under the Listing Rules to provide the requisite information in connection with the Repurchase Mandate, is set out in Appendix II to this circular.

III. GENERAL MANDATE TO ISSUE SHARES

An ordinary resolution will be proposed at the AGM to grant a general mandate to the Directors to allot, issue and deal with Shares not exceeding 20% of the number of issued shares of the Company at the date of passing such resolution (“**Issue Mandate**”). At the Latest Practicable Date, the total issued share of the Company is 1,499,445,000 shares. Subject to the passing of the resolution granting the Issue Mandate and on the basis that no further Shares are issued or repurchased before the AGM, the Company will be allowed to issue a maximum of 299,889,000 Shares.

LETTER FROM THE BOARD

In addition, if the Repurchase Mandate and Issue Mandate are granted, an ordinary resolution will also be proposed at the AGM to extend the Issue Mandate by adding to it the number of Shares repurchased by the Company under the Repurchase Mandate (up to a maximum of 10% of the number of Shares of the Company in issue as at the date of the grant of the Repurchase Mandate).

The Issue Mandate will, if granted, remain in effect until the earliest of: (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required to be held by the applicable laws of the Cayman Islands or by the Articles; and (iii) its revocation or variation by an ordinary resolution of the Shareholders in general meeting.

IV. RE-ELECTION OF DIRECTORS

In accordance with article 84 of the Articles, Mr. Hung Yung Lai and Mr. Leung Hong Man will retire by rotation and being eligible, offer themselves for re-election at the AGM.

Particulars required to be disclosed under the Listing Rules of the retiring directors who will offer themselves for re-election at the AGM are set out in the Appendix I of this circular.

The Nomination Committee considered and assessed the suitability of the above retiring directors for re-election in accordance with the Company's Nomination Policy. The Nomination Committee also took into account the structure and composition of the Board, time commitment and contribution of all retiring directors and also considered the skills, knowledge, and professional experience of all retiring directors as described in their biographies set out in Appendix 1 to this circular having regard to the Company's Board Diversity Policy, and is of the view that their rich knowledge and experience have enabled them to provide valuable and diverse views, as well as relevant insights to the Board and to contribute to the diversity of the Board. Therefore the Nomination Committee recommends to the Board for the proposed re-election of all retiring directors at the AGM.

The Board, having considered the recommendation of the Nomination Committee, is of the view that the diverse and invaluable knowledge skill sets and experience of each of Mr. Hung Yung Lai and Mr. Leung Hong Man in the businesses of the Group and their general business acumen continue to generate significant contribution to the Company and the Shareholders as a whole. Therefore, the Board accepted the recommendation from the Nomination Committee and recommends to the Shareholders the proposed re-election of all retiring directors at the AGM.

V. PROPOSED ADOPTION OF THE NEW SHARE OPTION SCHEME AND TERMINATION OF THE EXISTING SHARE OPTION SCHEME

The Existing Share Option Scheme was adopted by the Company on 21 June 2013 for a period of 10 years from the date of its adoption and is due to expire on 20 June 2023. In view of the impending expiry of the Existing Share Option Scheme, and to reflect the latest changes and requirements under Chapter 17 of the Listing Rules with effect from 1 January 2023, the

LETTER FROM THE BOARD

Company proposes to terminate the Existing Share Option Scheme and adopt the New Share Option Scheme to replace the Existing Share Option Scheme which will take effect upon the passing of relevant ordinary resolution by the Shareholders at the AGM.

As at the Latest Practicable Date, options carrying the rights to subscribe for 195,200,000 Shares have been granted to the grantees under the Existing Share Option Scheme, 4,584,000 share options have been exercised, no share options have been cancelled, 140,260,000 share options have lapsed, and 50,356,000 share options remain unexercised. The following table sets out information of the Company's outstanding share options which have been granted under the Existing Share Option Scheme as at the Latest Practicable Date:

Name or category of participant	Date of grant (dd/mm/yyyy)	Exercise period (both dates inclusive) (dd/mm/yyyy)	Exercise price (HK\$)	Number of share options outstanding
Mr. Wu Weixian, the chief executive officer of the Company	29/04/2022	29/04/2023–28/04/2028	1.134	6,000,000
Subtotal:				6,000,000
Other employees	29/11/2017	29/11/2018–28/11/2023	2.125	6,300,000
	09/01/2019	09/01/2020–08/01/2025	1.50	7,352,000
	28/08/2019	28/08/2020–27/08/2025	1.38	10,740,000
	26/08/2020	26/08/2021–25/08/2026	0.90	9,364,000
	31/03/2021	31/03/2022–30/03/2027	1.47	3,000,000
	29/04/2022	29/04/2023–28/04/2028	1.134	5,000,000
Subtotal:				41,756,000
<i>Consultants (Note 1)</i>				
Mr. Lam Kam Wah	29/11/2017	29/11/2018–28/11/2023	2.125	400,000
	09/01/2019	09/01/2020–08/01/2025	1.50	360,000
	28/08/2019	28/08/2020–27/08/2025	1.38	360,000
	26/08/2020	26/08/2021–25/08/2026	0.90	480,000
Subtotal:				1,600,000
Other consultant	29/04/2022	29/04/2023–28/04/2028	1.134	1,000,000
Subtotal:				2,600,000
Total:				50,356,000

Note 1: Share options were granted to 2 consultants of the Group, one of whom, namely Mr. Lam Kam Wah, is a retired former vice president of the Company who has subsequently become a consultant of the Group who has provided advisory services on business development to the Group, and was granted outstanding options before his retirement exceeding 0.1% of the Shares in issue in aggregate. Save as disclosed above, the other consultant of the Group under the "Consultants" category, who has provided advisory services on research and development to the Group, does not hold outstanding options exceeding 0.1% of the Shares in issue.

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The Board has no plan to grant any further options under the Existing Share Option Scheme during the period from the Latest Practicable Date to the date of the AGM.

According to the terms of the Existing Share Option Scheme, the Company may by ordinary resolution in general meeting terminate the operation of the Existing Share Option Scheme. Upon the termination of the Existing Share Option Scheme, no further options can be granted but in all other respects the provisions of the Existing Share Option Scheme will remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to its termination. Options which are granted during the life of the Existing Share Option Scheme and not exercised immediately prior to the termination of the operation of the Existing Share Option Scheme will continue to be exercisable in accordance with their terms of issue after the termination of the Existing Share Option Scheme.

The adoption of the New Share Option Scheme shall take effect subject to the passing of the resolution by the Shareholders to approve and adopt the New Share Option Scheme and to authorise the Board to grant Options under the New Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Options. After adoption of the New Share Option Scheme and prior to grant of any Options to the Participants, the Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the new Shares to be issued upon exercise of the Options to be granted.

A summary of the principal terms of the New Share Option Scheme is set out in Appendix III to this circular. Unless otherwise stated, the defined terms in Appendix III shall apply to the disclosure herein. The full terms of the New Share Option Scheme will be published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website for a period of 14 days before the date of the AGM and will be made available for inspection at the AGM.

Purpose

The purpose of the New Share Option Scheme is to reward the Participants who have contributed or will contribute to the Group and to encourage longer term commitment of grantees to the Group and to better align their interests with those of the Shareholders, which can contribute towards enhancing the value of the Company and the Shares for the benefit of the Company and its Shareholders as a whole.

Participants

Participants include the Employee Participants and the Service Providers.

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In determining the eligibility of each Participant, the Board shall consider on a case-by-case basis. Generally:

- (i) with respect to an Employee Participant, the Board shall consider, among other things, the experience of the Employee Participant on the Group's business, the length of employment, office or service of the Employee Participant with the Group, the amount of support, assistance, guidance, advice or efforts the Employee Participant has given or will give towards the Group's success and any other factor that allows the Board to assess the amount of contribution made or to be made by the Employee Participant to the Group; and
- (ii) with respect to the Service Providers, the Board shall consider, among others, the Service Providers' individual performance, experience and expertise, the nature, continuity and frequency of their services to the Group, their involvement in promoting the business of the Group and its products, and their contribution or potential contribution to the long-term growth of the Group.

More specifically, the Board (including the independent non-executive Directors) is of the view that apart from the invaluable contributions from employees of the Group, the success of the Group also requires the co-operation and contribution from the Service Providers.

In relation to Service Providers, the Group has collaborated with consultants such as professors and expert teams from universities or past employees of the Group with relevant expertise and specialized skills in the fields related to the industry of the business activities of the Group, and who have provided advisory services and/or technical support services to the Group (but for the avoidance of doubt exclude placing agents or financial advisers providing advisory services for fundraising, mergers or acquisition, professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity). These Service Providers have played significant roles in the Group's business development by advising on and assisting the Group in areas such as its research and development, technological and innovation upgrading, product development, strategic planning on market and business development and operation so as to optimize its profitability foundation. Such consultants may not be able to serve as full-time or part-time employees, directors or officers of the Group due to a variety of reasons. For example, these Service Providers may have stepped down from employment position with the Group, or they may be seasoned people in their own fields and professionals with many business connections which the Group may not be able to recruit them as employees, or they may prefer to be employed on self-employed basis which is in line with industry norm, and the Company may be unable to turn to internal resources for these kind of specialized support due to various restraints. The strategic advice provided by engaging these Service Providers benefit the Group in its ordinary and usual course of business and has contributed to the long-term growth of the Company's business.

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Therefore, the Board (including independent non-executive Directors) consider that the inclusion of the Service Providers as Participants is fair and reasonable and aligns with the purposes of the New Share Option Scheme. In addition, the proposed categories of the Service Providers are in line with the Company's business needs and industry norm, desirable and necessary from a commercial perspective and help maintain and or enhance the competitiveness of the Group. Through the grant of the Options to the Service Providers, they will have a common goal in the growth and development of the Group's business and share the additional reward through their sustainable contribution.

Scheme Mandate Limit and Service Provider Sublimit

As at the Latest Practicable Date, the total number of Shares in issue is 1,499,445,000 Shares. Assuming there is no change in the number of Shares in issue during the period between the Latest Practicable Date and the Adoption Date, (i) the total number of Shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme and (if any) other share option scheme(s) of the Company and the awards to be granted under (if any) share award scheme(s) of the Company, shall be no more than 149,944,500 Shares, representing 10% of the total number of Shares in issue as at the Adoption Date; and (ii) the total number of Shares which may be issued upon exercise of all options to be granted to the Service Providers under the New Share Option Scheme and (if any) other share option scheme(s) of the Company and the awards to be granted under (if any) share award scheme(s) of the Company, shall be no more than 7,497,225 Shares, representing 0.5% of the total number of Shares in issue as at the Adoption Date.

The basis for determining the Service Provider Sublimit (namely, 0.5% of the total number of issued Shares as at the Adoption Date or the relevant date of approval of the refreshment of the Service Provider Sublimit) includes (i) the potential dilution effect arising from grants to the Service Providers, (ii) the importance of striking a balance between achieving the purpose of the New Share Option Scheme and protecting the Shareholders from the dilution effect from granting a substantial amount of Options to the Service Providers, (iii) the extent of use of Service Providers in the Group's businesses, the current payment and/or settlement arrangement with the Service Providers, (iv) the expected contribution to the development and growth of the Company attributable to the Service Providers and (v) the fact that the Company expects that a majority of Options will be granted to the Employee Participants and as such there is a need to reserve a larger portion of the Scheme Mandate Limit for grants to the Employee Participants. The Board has also made reference to the 1% Individual Limit, and given the above, the Board considers that a Service Provider Sublimit of 0.5% would not lead to an excessive dilution of shareholding of the existing Shareholders.

Considering that there are no other share schemes over new Shares other than the New Share Option Scheme after the termination of the Existing Share Option Scheme, the Group's hiring practice and organizational structures and that the Service Providers have contributed to the long-term growth of the Company's businesses, the Board is of the view that, the Service Provider Sublimit is appropriate and reasonable given the nature of the innovation-driven industry and the Group's business needs, and such limit provides

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the Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or officers of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group, which is in line with the purpose of the New Share Option Scheme.

Vesting Period

Vesting period for the Options shall not be less than twelve (12) months. To ensure the practicability in fully attaining the purpose of the New Share Option Scheme, the Board is of the view that (a) there are certain instances where a strict twelve (12)-month vesting requirement would not work or would not be fair to the grantees, such as those set out in paragraph 5.2 of Appendix III to this circular; (b) there is a need for the Company to retain flexibility to reward exceptional performers with accelerated vesting or in exceptional circumstances where justified; and (c) the Company should be allowed discretion to formulate its own talent recruitment and retention strategies in response to changing market conditions and industry competition, and thus should have flexibility to impose vesting conditions such as performance-based vesting conditions instead of time-based vesting criteria depending on individual circumstances.

Subscription Price

The basis for determining the subscription price is specified in the rules of the New Share Option Scheme (see paragraph 4 of Appendix III to this circular). Such basis will serve to preserve the value of the Company and encourage the Participants to acquire proprietary interests in the Company.

Performance targets and clawback mechanism

If and to the extent that any performance target is required to be achieved by any grantee before an Option is capable of being exercised, particulars of such targets shall be specified in the offer of an Option. The Board may determine such performance target at its sole and absolute discretion, which may include, without limitation, (i) business performance and financial performance of the Group or specific business unit(s); (ii) attaining of corporate goals and/or (iii) individual performance appraisal. Unless otherwise as imposed by the Board pursuant to the New Share Option Scheme or stated in the relevant letter of offer of an Option, there is neither any performance targets required to be achieved by any grantee before an Option is capable of being exercised nor any clawback mechanism for the Company to recover or withhold any remuneration (which may include Options granted to any grantee) to any Participants.

Notwithstanding the foregoing, no Options being offered to any independent non-executive Director shall contain any performance target unless the Board is satisfied that such target will not lead to any bias in the decision-making or compromise the objectivity and independence in the course of performance of the duties of the grantee as an independent non-executive Director.

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In addition, Options shall lapse automatically under certain circumstances specified in the New Share Option Scheme, such as a grantee ceasing to be a Participant by reason of termination of employment on grounds entitling the employer to effect such termination without notice (including, but not limited to, if he has been guilty of serious misconduct, or has committed any act of bankruptcy or has made any compromise with his creditors generally or has been convicted of any criminal offence involving his integrity or honesty) whether pursuant to the terms of the contract of his employment or otherwise, or a notice terminating his employment for such reason is in fact given, whichever is the earlier; or by reason of removal of his directorship in accordance with the constitutional documents of the Company or its subsidiary and the laws of the jurisdiction in which such company is incorporated.

General

As at the Latest Practicable Date,

- (i) the Company has not engaged any trustee for administration of the New Share Option Scheme. If the Company is to engage any trustee in the future, such trustee will not be a Director and no Director will have any direct or indirect interest in the trustee;
- (ii) the Company does not have any share option scheme or share award scheme other than the Existing Share Option Scheme;
- (iii) the Company has not formulated any plan to grant Options under the New Share Option Scheme and the Company will continue to assess from time to time whether there is a need to formulate such plan; and
- (iv) to the best knowledge of the Directors and having made all reasonable enquiries, no Shareholder has any material interest in the proposed adoption of the New Share Option Scheme and no Shareholder is required to abstain from voting on the resolution in relation thereto.

VI. ANNUAL GENERAL MEETING

The Notice of AGM is set out on pages 35 to 40 of this circular. Resolutions will be proposed to approve, inter alia, the re-election of retiring Directors and the general mandates as referred to above at the AGM.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar and transfer office in Hong Kong, Tricor Abacus Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the above meeting. Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM if they so wish.

LETTER FROM THE BOARD

VII. VOTING AT THE ANNUAL GENERAL MEETING

Pursuant to the Rule 13.39(4) of the Listing Rules, at any general meeting, a resolution put to the vote of shareholders shall be decided by poll except where the chairman of the AGM, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the AGM will request for voting by poll on all the proposed resolutions in the Notice pursuant to article 66 of the Articles. The results of the poll will be published on the websites of the Company and the Stock Exchange after closure of the AGM.

VIII. RECOMMENDATION

The Directors consider that the proposed resolutions in relation to the proposals for the granting of the Repurchase Mandate, Issue Mandate, the extension of the Issue Mandate, re-election of Directors, the proposed adoption of the New Share Option Scheme and termination of the Existing Share Option Scheme are in the best interests to the Company and the Shareholders as a whole. Accordingly, the Directors recommend Shareholders to vote in favour of all the resolutions to be proposed at the AGM.

IX. GENERAL

This circular, for which 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.

By Order of the Board
LI Kei Ling
Chairman

Mr. Hung, Yung Lai (熊融禮先生), aged 78, is an Executive Director of the Company and one of the founders of the Group. Mr. Hung Yung Lai (“**Mr. Hung**”) founded the Group in December 1995 and was appointed to the Board in October 2002. Mr. Hung holds a degree from 上海音樂學院 (Shanghai Conservatory of Music). He has over thirty years of experience in corporate management and corporate development, and has participated in founding and managing of pharmaceutical and high-tech enterprises. Mr. Hung also holds directorship in Dawnrays International Co. Ltd., Dawnrays Biotechnology Capital (Asia) Ltd., Dawnrays International Company Limited (東瑞國際股份有限公司), Suzhou Dawnrays Pharmaceutical Co., Ltd., Dawnrays (Nantong) Pharmaceutical Science and Technology Co., Ltd., Fujian Dawnrays Pharmaceutical Co., Ltd., Nanjing PharmaRays Science and Technology Co. Ltd., Guangzhou PharmaRays Science and Technology Co. Ltd., Lanzhou Dawnrays Pharmaceutical Co., Ltd. and Dawnrays Pharma (Hong Kong) Ltd., which are all subsidiaries of the Company. Mr. Hung is a director and chairman of AD Pharmaceuticals Co., Ltd., an associate of the Group.

Mr. Hung was an executive director and the chairman of Sing Lee Software (Group) Ltd., a company listed on the Growth Enterprise Market of the Stock Exchange during 23 November 2000 to 31 October 2022.

Mr. Hung Yung Lai and Ms. Li Kei Ling (“**Ms. Li**”), an Executive Director of the Company, are both directors and ultimate shareholders of Goldcorp Industrial Ltd, a substantial shareholder of Sing Lee Software (Group) Limited. Mr. Hung and Ms. Li are both shareholders and directors of a private company incorporated in Hong Kong and are directors of a company incorporated in the British Virgin Islands. All these companies are principally engaged in investment holding.

Save as disclosed above, as at the Latest Practicable Date, Mr. Hung (i) does not hold any positions in the Company or its subsidiaries; (ii) did not hold, in the last three years, other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Pursuant to Part XV of the SFO, as at the Latest Practicable Date, Mr. Hung is interested in the 595,316,000 shares of the Company held by Fortune United Group Limited. The issued capital of Fortune United Group Limited is equally beneficially owned by Keysmart Enterprises Limited and Hunwick International Limited, which are in turn, wholly owned by Ms. Li Kei Ling and Mr. Hung Yung Lai respectively, both executive directors of the Company. In addition, Mr. Hung is directly beneficially interested in 1,880,000 shares of the Company.

Save as disclosed above, Mr. Hung does not have any relationship with any directors, senior management, substantial or controlling shareholders of the Company.

Mr. Hung Yung Lai entered into a service contract with the Company for a term of two years which commenced on 1 July 2003. Mr. Hung's service contract was revised to a term of three years which commenced on 1 July 2005 and will continue thereafter for successive terms of three years. His appointment is subject to termination by either party giving not less than three months' written notice. The current annual remuneration including director's fee, other emoluments and pension scheme contribution, of Mr. Hung is HK\$742,800. Mr. Hung's remuneration is determined by the Board with reference to the prevailing market practice, the Company's remuneration policy, his duties, responsibilities, contribution to the Company and his personal interest in the Company's shareholding.

Save as disclosed above, there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) contained in the Listing Rules. There are no other matters that need to be brought to the attention of holders of securities of the Company in connection with Mr. Hung's appointment.

Mr. Leung, Hong Man (梁康民先生), aged 48, is a Non-executive Director of the Company. Mr. Leung Hong Man ("Mr. Leung") joined the Group in November 2005. Mr. Leung is the shareholder and director of Toyo International Investment Ltd., which is one of the Company's substantial shareholders (as required to be disclosed under Part XV of the SFO). Mr. Leung has started his business career in knitting machinery since 1993. He has over ten years experience in sales and management and also over ten years experience in finance and property investments. In recent years, Mr. Leung has strived to exploit business in hi-tech agriculture and arts and cultural industries.

Save as disclosed above, as at the Latest Practicable Date, Mr. Leung (i) does not hold any positions in the Company or its subsidiaries; (ii) did not hold in the last three years other directorships in any public companies the securities of which are listed on any securities market in Hong Kong or overseas.

Pursuant to Part XV of the SFO, as at the Latest Practicable Date, Mr. Leung is interested in the 107,712,000 shares of the Company held by Toyo International Investment Limited. The issued capital of Toyo International Investment Limited is equally beneficially owned by Mr. Leung and his father, Mr. Leung Yiu Sing.

Save as disclosed above, Mr. Leung does not have any relationship with any directors, senior management or substantial or controlling shareholders of the Company.

Mr. Leung entered into an agreement with the Company in the form of an appointment letter for a term of two years which commenced on 1 November 2005 and will continue thereafter for successive terms of two year. His appointment is subject to termination by either party giving not less than one month's written notice. Under the terms of the appointment letter, Mr. Leung is currently entitled to an annual remuneration of HK\$300,000 or such other sum as the Board may from time to time decide based on prevailing market practice, his duties, responsibilities, contribution to the Company and the remuneration of other non-executive directors of the Company.

Save as disclosed above, there is no other information to be disclosed pursuant to the requirements of Rule 13.51(2)(h) to (v) contained in the Listing Rules. There are no other matters that need to be brought to the attention of holders of securities of the Company in connection with Mr. Leung's appointment.

This Appendix serves as an explanatory statement, as required by Rule 10.06(1)(b) of the Listing Rules, to provide the requisite information to you to enable you to make an informed decision as to whether to vote for or against the Repurchase Resolution.

SHARE CAPITAL

As at the Latest Practicable Date, the issued share of the Company comprised 1,499,445,000 Shares. Subject to the passing of the Repurchase Resolution at the AGM and on the basis that no further Shares are issued or repurchased prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 149,944,500 Shares during the period which the Repurchase Mandate remains in force.

REASONS FOR REPURCHASE

The Directors believe that the Repurchase Mandate is in the best interests of the Company and the Shareholders. Whilst it is not possible to anticipate in advance any specific circumstance in which the Directors might think it appropriate to repurchase Shares, they believe that an ability to do so would give the Company additional flexibility that would be beneficial to the Company and the Shareholders as such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value of the Company and/or its earnings per Share.

FUNDING OF REPURCHASE

In repurchasing securities, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association, the Listing Rules and the applicable laws of the Cayman Islands. Purchases and redemptions may only be effected out of the profits of the Company or out of the proceeds of a fresh issue of shares made for the purpose, or, if so authorised by its articles of association and subject to the provisions of the Companies Act, out of capital. Any premium payable on a redemption or purchase over the par value of the shares to be purchased must be provided for out of profits of the Company or out of the Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Act, out of capital.

There may be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited accounts for the year ended 31 December 2022 contained in the 2022 Annual Report) in the event that repurchases of Shares under the Repurchase Mandate were to be carried out in full during the period which the Repurchase Mandate remains in force.

The Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company, which in the opinion of the Directors are from time to time appropriate for the Company.

SHARE PRICES

The highest and lowest prices at which the Shares had been traded on the Stock Exchange during each of the previous 12 months preceding the Latest Practicable Date were as follows:

Month	Price per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
April 2022	1.35	1.10
May 2022	1.15	1.10
June 2022	1.30	1.14
July 2022	1.29	1.22
August 2022	1.28	1.15
September 2022	1.28	1.02
October 2022	1.10	0.98
November 2022	1.18	1.04
December 2022	1.41	1.11
January 2023	1.38	1.26
February 2023	1.37	1.28
March 2023	1.47	1.25
April 2023 (up to the Latest Practicable Date)	1.38	1.30

DIRECTORS, THEIR CLOSE ASSOCIATES AND CORE CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, their respective close associates (as defined in the Listing Rules), have any present intention, in the event that the proposed Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company.

No core connected persons (as defined in the Listing Rules) of the Company have notified the Company that they have any present intention to sell Shares to the Company, or have undertaken not to do so, in the event that the Company is authorised to make repurchase of its own Shares.

UNDERTAKING OF THE DIRECTORS

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make repurchases pursuant to the proposed resolution in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

TAKEOVERS CODE

If as a result of repurchase(s) of Shares by the Company, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert could, depending on the level of increase of his or their interest, obtain or consolidate control of the Company and become obliged, for the aforementioned proportionate interest in the voting rights increases, to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date and insofar as the Directors are aware, the following Shareholders beneficially own 10% or more of the voting rights in the Company

Name	Number of Shares held			Approximate percentage of total issued Shares as at the Latest Practicable Date	Approximate percentage of total issued Shares if the Repurchase Mandate is exercised in full
	Directly Beneficially owned	Through controlled corporation	Total		
Ms. Li Kei Ling ("Ms. Li")	107,372,000	595,316,000	702,688,000	46.86%	52.07%
Mr. Hung Yung Lai ("Mr. Hung")	1,880,000	595,316,000	597,196,000	39.83%	44.25%
Fortune United Group Limited ("Fortune United")	595,316,000	—	595,316,000	39.70%	44.11%

Fortune United is owned as to 50% by Keysmart Enterprises Limited ("**Keysmart**") and 50% by Hunwick International Limited ("**Hunwick**"). Keysmart is wholly-owned by Ms. Li and Hunwick is wholly-owned by Mr. Hung. Both Ms. Li and Mr. Hung are directors of the Company. Ms. Li, Mr. Hung, Fortune United, Keysmart and Hunwick (together, the "**Concert Group**") are presumed to be parties acting in concert with each other under the Takeovers Code in connection with their voting rights in the Company.

On the assumption that the issued share of the Company remains at 1,499,445,000 Shares and there is no alteration to the existing shareholdings of the members of the Concert Group, if the Directors exercise the power to repurchase Shares in full pursuant to the Repurchase Mandate, the percentage of shareholding interest in the Company of Ms. Li, Mr. Hung and Fortune United will increase to the respective approximately percentages shown in the rightmost column above. As a result, the Concert Group (and parties acting in concert with them) may be required to make a mandatory offer under Rule 26 of the Takeovers Code absent any waiver to do so being obtained. The Directors have no present intention to exercise the Repurchase Mandate to an extent such that an obligation to make a general offer under the Takeovers Code will be triggered.

SHARE REPURCHASE BY THE COMPANY

The Company had not purchased any of its Shares (whether on the Stock Exchange or otherwise) during the six months preceding the Latest Practicable Date.

The following is a summary of the principal terms of the New Share Option Scheme but the summary does not form part of, nor is it intended to be part of, the New Share Option Scheme nor should it be taken as affecting the interpretation of the New Share Option Scheme. Unless the context otherwise requires, the following expressions have the following meanings:

“Adoption Date”	the date on which adoption of the New Share Option Scheme is adopted by the Shareholders;
“Auditors”	the auditors of the Company for the time being;
“Board”	the board of directors of the Company for the time being and from time to time or a duly authorised committee thereof;
“Business Day”	any day on which Shares are available for trading on the Stock Exchange;
“Date of Grant”	in respect of an Option, the date (which shall be a Business Day) on which the Offer is made to a Participant, whether or not the Offer is subject to the Shareholders’ approval;
“Employee Participant(s)”	any director (including executive directors, non-executive directors and independent non-executive directors) or employee (whether full time or part-time, but explicitly excludes any former employee) of the Company or any Subsidiary, including any person who is granted any Option as an inducement to enter into any employment contract with the Company or such Subsidiary;
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the New Share Option Scheme, or (where the context so permits) a person entitled to any such Option in consequence of the death of the original Grantee, including the legal personal representative of the original Grantee;
“INED”	an independent non-executive director of the Company for the time being and from time to time;
“Offer”	the offer of an Option made in accordance with paragraph 3;

“Option(s)”	option(s) to subscribe for Shares pursuant to the New Share Option Scheme;
“Option Period”	in respect of an Option, the period during which the Grantee may exercise the Options subject to the terms of the New Share Option Scheme, which is determined and notified by the Board to the Grantee at the time of making an Offer and must not be more than 10 years from the Date of Grant;
“Participant(s)”	any participant of the New Share Option Scheme (as determined by the Board pursuant to paragraph 2) who is an Employee Participant or a Service Provider who the Board considers, in its sole discretion, to have contributed or will contribute to the Group;
“Remuneration Committee”	the remuneration committee of the Board;
“Scheme Mandate Limit”	has the meaning ascribed to it in paragraph 9.1;
“Service Provider(s)”	person(s) who provide advisory services and/or technical support services to the Group with respect to its product research and development and/or business development and operation, and excludes any professional service providers who are required to perform their services with impartiality and objectivity on a continuing or recurring basis in its ordinary and usual course of business which are material to the long term growth of the Group;
“Service Provider Sublimit”	has the meaning ascribed to it in paragraph 9.2;
“Subscription Price”	the price per Share at which a Grantee may subscribe for Shares on the exercise of an Option subject to paragraph 4;
“Subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning ascribed to it under the Listing Rules) of the Company, whether incorporated in Hong Kong or elsewhere;

1. PURPOSE, DURATION AND ADMINISTRATION

- 1.1 The purpose of the New Share Option Scheme is to reward Participants who have contributed or will contribute to the Group and to encourage longer term commitment of Grantees to the Group and to better align their interests with those of the Shareholders, which can contribute towards enhancing the value of the Company and the Shares for the benefit of the Company and its Shareholders as a whole.
- 1.2 The New Share Option Scheme shall be subject to the administration of the Board whose decision as to all matters arising in relation to the New Share Option Scheme or its interpretation or effect shall (save as otherwise provided herein) be final and binding on all parties. Without prejudice to the foregoing and subject to the terms of the New Share Option Scheme, the Board shall have the right to, among other things:
- (a) interpret and construe the provisions of the New Share Option Scheme;
 - (b) determine the persons (if any) to whom the Company shall offer Options, and the number of Shares in respect of the Options offered and the Subscription Price;
 - (c) subject to paragraphs 11 and 13, make such adjustments to the terms of the Options granted under the New Share Option Scheme to the relevant Grantee as the Board deems appropriate with written notification of such adjustment to the relevant Grantee; and
 - (d) make such other decisions or determinations as it deems appropriate in relation to the Offers and/or the administration of the New Share Option Scheme provided that the same are not inconsistent with the provisions of the New Share Option Scheme and the Listing Rules.

Without prejudice to the generality of the foregoing, the Board may delegate the administration of the exercise of the Options and the delivery of Shares thereafter to third party professional service providers as it thinks fit.

- 1.3 The New Share Option Scheme shall take effect subject to the passing of the resolution by the Shareholders to approve and adopt the New Share Option Scheme and to authorise the Board to grant Options under the New Share Option Scheme and to allot and issue Shares pursuant to the exercise of any Options.

- 1.4 Subject to paragraph 1.3 and 15, the New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options shall be offered or granted but the provisions of the New Share Option Scheme shall remain in full force and effect in all other respects. Options granted during the life of the New Share Option Scheme shall continue to be exercisable in accordance with their terms of grant after the end of the 10-year period.
- 1.5 No member of the Board shall be personally liable by reason of any contract or other instrument executed by such member or on his behalf in his capacity as a member of the Board nor for any mistake of judgment made in good faith, and the Company shall indemnify on demand and hold harmless each employee, officer or director of the Company to whom any duty or power relating to the administration or interpretation of the New Share Option Scheme may be allocated or delegated, against any cost or expense (including legal fees) or liability (including any sum paid in settlement of a claim with the approval of the Board) arising out or omission to act in connection with the New Share Option Scheme unless arising out of such person's own negligence, fraud or bad faith.

2. PARTICIPANTS AND ELIGIBILITY

- 2.1 Participants include the Employee Participants and the Service Providers.
- 2.2 In determining the eligibility of each Participant, the Board shall consider on a case-by-case basis. Generally:
- (i) with respect to an Employee Participant, the Board shall consider, among other things, the experience of the Employee Participant on the Group's business, the length of employment, office or service of the Employee Participant with the Group, the amount of support, assistance, guidance, advice or efforts the Employee Participant has given or will give towards the Group's success and any other factor that allows the Board to assess the amount of contribution made or to be made by the Employee Participant to the Group; and
 - (ii) with respect to the Service Providers, the Board shall consider, among others, the Service Providers' individual performance, experience and expertise, the nature, continuity and frequency of their services to the Group, their involvement in promoting the business of the Group and its products, and their contribution or potential contribution to the long-term growth of the Group.

3. GRANT OF OPTIONS

- 3.1 On and subject to the terms of the New Share Option Scheme and the Listing Rules, the Board shall be entitled at any time within 10 years after the Adoption Date to make an Offer to any Participant as the Board may at its absolute discretion select to take up an Option pursuant to which such Participant may, during the Option Period, subscribe for such number of Shares as the Board may determine at the Subscription Price. The Offer shall specify the terms on which the Option is to be granted. Such terms may at the discretion of the Board, include, among other things, (i) the vesting period of the Option; (ii) a performance target (which the Board considers to be appropriate and may include, without limitation, business performance and financial performance of the Group or specific business unit(s), attaining of corporate goals, and/or individual performance appraisal) that must be achieved before the Option can be exercised in whole or in part; and (iii) any other terms, all of which may be imposed (or not imposed) either on a case-by-case basis or generally.
- 3.2 An Offer shall be made to a Participant by letter in such form as the Board may from time to time determine requiring the Participant to undertake to hold the Option on the terms on which it is to be granted and to be bound by the provisions of the New Share Option Scheme and shall remain open for acceptance by the Participant for a period of 21 days from the Date of Grant provided that no such Offer shall be open for acceptance after the expiry of the Option Period or after the New Share Option Scheme has been terminated in accordance with the terms hereof or after the Participant to whom the Offer is made has ceased to be a Participant.
- 3.3 Every Offer is conditional upon the Listing Committee (as defined in the Listing Rules) of the Stock Exchange granting the approval of the listing of, and permission to deal in, the Shares which fall to be issued pursuant to the exercise of the Option to be granted. If this condition is not satisfied on or before the date following 30 days after the Date of Grant, any Option granted or agreed to be granted pursuant to the Offer shall be of no effect and no person shall be entitled to any rights or benefits or be under any obligations under or in respect of the Offer.
- 3.4 No Offer shall be made to, nor shall any Offer be capable of acceptance by, any Participant at a time when the Participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any other applicable rules, regulations or law.
- 3.5 An Offer is deemed to be accepted when the Company receives from the Grantee the offer letter signed by the Grantee specifying the number of Shares in respect of the Option(s) accepted and a remittance to the Company of HK\$10.00 as the aggregate consideration for the grant of Option(s). Such remittance is not refundable in any circumstances.

- 3.6 Any Offer may be accepted in whole or in respect of less than the number of Shares in respect of the Option(s) offered provided that it is accepted in a whole board lot for dealing in Shares on the Stock Exchange or an integral multiple thereof. To the extent that the Offer is not accepted in the manner indicated in paragraph 3.5 within 21 days from the date on which the offer letter is delivered to the Participant, it shall be deemed to have been irrevocably declined by such Participant.
- 3.7 An Offer may not be made after inside information has come to the Company's knowledge until (and including) the trading day after the Company has announced the information. In particular, during any period of delay in publication of a results announcement or during the period commencing one month immediately preceding the earlier of:
- (a) the date of the meeting of the Board (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (b) the deadline for the Company to publish an announcement of its results for any year or half-year under the Listing Rules, quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, no Offer may be made.

4. SUBSCRIPTION PRICE

- 4.1 The Subscription Price shall be determined by the Board at its absolute discretion but in any event shall not be less than the higher of:
- (a) the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the Date of Grant which must be a Business Day;
 - (b) the average closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five Business Days immediately preceding the Date of Grant; and
 - (c) the nominal value of the Shares.

- 4.2 For the purpose of calculating the Subscription Price, the Date of Grant shall be deemed as the date of Board meeting at which the relevant Offer is approved.

5. VESTING PERIOD

- 5.1 Save for the circumstances prescribed in paragraph 5.2 which may only apply to Employee Participants, every Grantee must hold an Option for at least 12 months before he can exercise such Option.

- 5.2 An Employee Participant may be subject to a vesting period shorter than 12 months as deemed appropriate at the discretion of the Board or the Remuneration Committee (where the Employee Participant is a director or a member of the senior management of the Company) in any of the following circumstances:
- (a) grants of “make-whole” Options to new joiners to replace the share awards or options they forfeited when leaving their previous employers;
 - (b) grants to an Employee Participant whose employment is terminated due to death or disability or occurrence of any out of control event;
 - (c) grants that are made in batches during a year for administrative and compliance reasons, which include Options that should have been granted earlier if not for such administrative or compliance reasons but had to wait for subsequent batch. In such case, the vesting period may be shorter to reflect the time from which the Option would have been granted;
 - (d) grants with a mixed or accelerated vesting schedule such as where the Option may vest evenly over a period of 12 months; and
 - (e) grants with performance-based vesting conditions in lieu of time-based vesting criteria.

Save and except for the above prescribed circumstances and for the avoidance of doubt, notwithstanding the circumstances as described under paragraph 7.4(c), (e), (f), (g) and (h), the vesting period for Options granted to Participants shall not be less than 12 months.

6. PERFORMANCE TARGETS AND CLAWBACK MECHANISM

- 6.1 If and to the extent that any performance target is required to be achieved by any Grantee before an Option is capable of being exercised, particulars of such targets shall be specified in the Offer. Unless otherwise set out in the New Share Option Scheme, as imposed by the Board pursuant to paragraph 3.1 above or stated in the relevant Offer letter, there is neither any performance targets required to be achieved by any Grantee before an Option is capable of being exercised nor any clawback mechanism for the Company to recover or withhold any remuneration (which may include Options granted to any Grantee) to any Participants.
- 6.2 Notwithstanding the foregoing, no Options being offered to any INED shall contain any performance target unless the Board is satisfied that such target will not lead to any bias in the decision-making or compromise the objectivity and independence in the course of performance of the duties of the Grantee as an INED.

7. EXERCISE OF OPTIONS

- 7.1 An Option shall be personal to the Grantee and shall not be assignable or transferable and no Grantee shall in any way sell, transfer, assign, charge, mortgage, encumber or create any interest in favour of any other person over or in relation to any Option.
- 7.2 Any breach of the restrictions set out in paragraph 7.1 by the Grantee shall entitle the Company to cancel any outstanding Option or any part thereof granted to such Grantee to the extent not already exercised without incurring any liability on the part of the Company.
- 7.3 An Option may, subject to the provisions of paragraph 7.4, be exercised in whole or in part (in a whole board lot of the Shares which are traded on the Stock Exchange at the time of such exercise or an integral multiple thereof) by the Grantee by giving notice in writing to the Company (in such manner as may from time to time be specified by the Company) stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each notice must be accompanied by a remittance for, or evidence of such other method of cash settlement as may be approved by the Company from time to time of, the full amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within 20 days after receipt of the notice and the remittance or other form of cash settlement as may be approved by the Company from time to time of the full amount of the relevant aggregate Subscription Price and, where appropriate, receipt of the Auditors' certificate or the certificate from the independent financial adviser to the Company pursuant to paragraph 11, the Company shall accordingly allot and issue the relevant number of Shares to the Grantee or the relevant custodian of clearing house for credit for the benefit of the Grantee, credited as fully paid, and issue to the Grantee (as may be required) a share certificate in respect of the Shares so allotted.
- 7.4 Subject to any restrictions applicable under the Listing Rules and notwithstanding the terms of grant thereof:
- (a) in the event of the Grantee ceasing to be a Participant by reason of his death before exercising his Option in full and none of the events which would be a ground for termination of his employment or removal of directorship as specified in paragraph 8(f) having arisen, his legal personal representative may exercise the Option up to the Grantee's entitlement (whether vested or not) as at the date of his death (to the extent not already exercised) within the period of 12 months following his death, provided that where any of the events set out in

paragraphs 7.4(e), (f), (g) and (h) occurs prior to his death or within such period of 6 months following his death, then his legal personal representative may so exercise the Option only within the various periods respectively set out in such paragraphs provided further that if within a period of 3 years prior to the Grantee's death, the Grantee had committed any of the acts specified in paragraph 8(f) which would have entitled the Company to terminate his employment prior to his death, the Board may at any time forthwith terminate the Option (to the extent not already exercised) by written notice to the Grantee's legal personal representative(s) and/or to the extent the Option has been exercised in whole or in part by his legal personal representative(s), but Shares have not been allotted, he shall be deemed not to have so exercised such Option and the Company shall return to him the amount of the Subscription Price for the Shares received by the Company in respect of the purported exercise of such Option;

- (b) in the event of a Grantee who is an Employee Participant ceasing to be a Participant for any reason other than his death or the termination of his employment or the termination or removal from his directorship on one or more of the grounds, as specified in paragraph 8(f), the Option (to the extent not already exercised) shall lapse on the date of cessation or termination of such employment or directorship (which date shall be the Grantee's last actual working day with the Company or the relevant Subsidiary, whether salary is paid in lieu of notice or not) and shall on that day cease to be exercisable, provided that the Board may within one month prior to the date of such cessation otherwise determine that the Option (or such remaining part thereof, whether vested or not) shall become exercisable within such period following the date of such cessation as the Board may determine;
- (c) in the event of a Grantee who is a Service Provider ceasing to be a Participant as and when determined by the Board by resolution for any reason other than his death, the Board may by written notice to such Grantee within one month prior to the date of such cessation determine the period within which the Option (or such remaining part thereof, whether vested or not) shall be exercisable following the date of such cessation;
- (d) in the event of a Grantee ceasing to be a Participant by reason of the termination of his employment on one or more of the grounds, or removal from directorship, as specified in paragraph 8(f), his Option shall lapse automatically (to the extent not already exercised) and shall not be exercisable on or after the date of termination of his employment or directorship, and to the extent the Grantee has exercised the Option in whole or in part pursuant to paragraph 7.3 but Shares have not been allotted to him, the Grantee shall be deemed not to have so exercised such Option and the Company shall return to the Grantee the amount of the Subscription Price received by the Company in respect of the purported exercise of such Option;

- (e) in the event a general offer by way of takeover or otherwise (other than by way of scheme of arrangement pursuant to paragraph (f) below) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer, having been approved in accordance with applicable laws and regulations, becomes or is declared unconditional prior to the expiry date of the relevant Option, the Company shall forthwith notify all Grantees and any Grantee (or his legal personal representative) shall be entitled to exercise the Option (whether vested or not) in full (to the extent not already exercised) or to the extent as notified by the Company at any time within such period as notified by the Company;
- (f) in the event a general offer for Shares by way of scheme of arrangement is made to all the Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith notify all Grantees and any Grantee (or his legal personal representative) may at any time thereafter (but before such time as shall be notified by the Company) exercise the Option to its full extent or to the extent notified by the Company;
- (g) in the event a notice is given by the Company to its Shareholders to convene a Shareholders' meeting for the purpose of considering and, if thought fit, approving a resolution to voluntarily wind-up the Company, the Company shall forthwith give notice thereof to all Grantees who have Options unexercised on the date of such notification and any such Grantee may at any time thereafter (but before such time as notified by the Company being not less than ten Business Days prior to the date of the proposed Shareholders' meeting) exercise the Option (whether vested or not) to its full extent or to the extent notified by the Company, and the Company shall as soon as possible and in any event no later than three Business Days prior to the date of the proposed Shareholders' meeting, allot, issue and register in the name of the Grantee or the custodian of clearing house for credit for the benefit of the Grantee such number of Shares to the Grantee which fall to be issued on such exercise; and
- (h) in the event of a compromise or arrangement, other than a scheme of arrangement contemplated in paragraph 7.4(f), between the Company and the Shareholders or its creditors being proposed in connection with a scheme for the reconstruction or amalgamation of the Company, the Company shall give notice thereof to all Grantees, who have Options unexercised on the date of such notification, on the same date as it gives notice of the meeting to the Shareholders or its creditors to consider such compromise or arrangement, and the Grantee may, at any time thereafter but before such time as notified by the Company, exercise the Option (whether vested or not) either to its full extent or to the extent notified by the Company. In the event such compromise or

arrangement is sanctioned by the court and becomes effective, the Company may require each Grantee to transfer or otherwise deal with the Shares issued on exercise of the Options pursuant to this paragraph so as to place the Grantee in the same position as would have been the case had such Shares been the subject of such compromise or arrangement and each Grantee must transfer or deal with the Shares in accordance with the request of the Company.

- 7.5 For the purpose of paragraph 7.4(b), subject to the sole discretion of the Board, a Grantee shall not be regarded as ceasing to be a Participant if he ceases to hold a position of directorship or employment with the Company or any Subsidiary but at the same time takes up a different position of directorship or employment with the Company or the Subsidiary, as the case may be.
- 7.6 The Shares to be allotted upon the exercise of an Option shall be subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and shall rank *pari passu* in all respects with the existing fully paid Shares in issue on the allotment date and accordingly shall entitle the holders of such Shares to all dividends or other distributions paid or made after the allotment date, other than any dividends or distributions previously declared or recommended or resolved to be paid or made if the record date thereof shall be on or before the allotment date.

8. LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period;
- (b) the expiry of the periods referred to in paragraphs 7.4(a), (b), (c) or (g);
- (c) the expiry of the period referred to in paragraph 7.4(e) subject to any court of competent jurisdiction making an order to prohibit the offeror from acquiring the remaining Shares in the Offer, the relevant period within which Options may be exercised shall not begin or continue to run (as the case may be) until the discharge of the order in question;
- (d) the expiry of the period referred to in paragraph 7.4(f) subject to the scheme of arrangement becoming effective;
- (e) the date of the commencement of the winding-up of the Company;

- (f) the date on which the Grantee (who is an Employee Participant) ceases to be a Participant:
- (i) by reason of the termination of his employment on the grounds that he has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his debts or has committed any act of bankruptcy or has become insolvent or has made any arrangements or compromise with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or on any other grounds on which an employer would be entitled to terminate his employment summarily or pursuant to the respective employment contract, or
 - (ii) by reason of the removal of his directorship in accordance with the constitutional documents of the Company or such Subsidiary and the laws of the jurisdiction in which the Company or such Subsidiary is incorporated.

A resolution of the Board or Shareholders or the board of directors or shareholders of the relevant Subsidiary to the effect that the employment of a Grantee has been terminated on one or more of the grounds specified in this paragraph 8(f)(i) or the Grantee has been removed as a director shall be conclusive and binding on the Grantee;

- (g) the date on which the Grantee commits a breach of the restriction set out in paragraph 7.1; and
- (h) subject to paragraphs 7.4 and 7.5, the date on which the Grantee ceases to be a Participant for any other reason.

9. MAXIMUM NUMBER OF SHARES AVAILABLE FOR SUBSCRIPTION

- 9.1 The total number of Shares which may be issued upon the exercise of all Options and all options and awards to be granted under any other share schemes of the Company shall not in aggregate exceed 10% of the Shares in issue on the Adoption Date (the “**Scheme Mandate Limit**”) unless the Company obtains an approval from the Shareholders pursuant to paragraph 9.4 or 9.6.
- 9.2 Subject to paragraph 9.1, within the Scheme Mandate Limit, the total number of Shares which may be issued upon exercise of all Options to be granted to the Service Providers shall not exceed 0.5% of the Shares in issue on the Adoption Date (the “**Service Provider Sublimit**”) unless the Company obtains an approval from the Shareholders pursuant to paragraph 9.4.

- 9.3 Options or awards lapsed in accordance with the terms of the New Share Option Scheme or any other share schemes of the Company shall not be taken into account for determining the extent to which the Scheme Mandate Limit or the Service Provider Sublimit has been utilised.
- 9.4 The Scheme Mandate Limit or the Service Provider Sublimit may be “refreshed” with the approval of the Shareholders in general meeting subject to paragraph 9.5.

In respect of:

- (a) the Scheme Mandate Limit, the total number of Shares which may be issued upon the exercise of all Options and all options and awards to be granted under any other share schemes of the Company shall not in aggregate exceed 10% of the Shares in issue on the date of the Shareholders’ approval of the refreshment; and
- (b) the Service Provider Sublimit, the total number of Shares which may be issued upon the exercise of all Options to be granted to the Service Providers shall not exceed 0.5% of the Shares in issue on the date of the Shareholders’ approval of the refreshment.

Provisions under the New Share Option Scheme applicable to the Scheme Mandate Limit and the Service Provider Sublimit shall remain applicable to them as refreshed.

- 9.5 No refreshment shall take effect within three years after the Adoption Date or the effective date of a previous refreshment unless the Company complies with rules 17.03C(1)(b) and (c) of the Listing Rules.
- 9.6 Notwithstanding the foregoing provisions, the Company may seek separate approval by the Shareholders in a general meeting for granting Options beyond the Scheme Mandate Limit provided that the number and terms of such Options and the identities of the Grantees have been determined before such approval is sought.

10. ENTITLEMENT OF SHARES OF EACH PARTICIPANT

- 10.1 Where any Offer proposed to be made to a Participant would result in the Shares issued and to be issued in respect of all options and awards granted to such Participant (excluding the options and the awards lapsed in accordance with terms of the share schemes of the Company) in the 12-month period up to and including the Date of Grant representing in aggregate over 1% of the Shares in issue on the Date of Grant (“**Individual Limit**”), such Offer and acceptance thereof must be conditional upon approval by the Shareholders in a general meeting with such Participant and his close associates (or associates if the Participant is a connected person) abstaining from voting. The number and terms of the Options to be granted to such Participant must be fixed before the Shareholders’ approval.

10.2 Any grant of Options to any director, chief executive or substantial shareholder of the Company or any of their respective associates shall be subject to the prior approval of the INEDs (excluding those INEDs who are the proposed Grantees of the Options in question).

10.3 Where any Offer proposed to be made to an INED or a substantial shareholder of the Company or any of their respective associates would result in the Shares issued and to be issued in respect of all options and awards granted to such person (excluding the options and the awards lapsed in accordance with terms of the share schemes of the Company) in the 12-month period up to and including the Date of Grant representing in aggregate over 0.1% of the Shares in issue on the Date of Grant, such Offer and acceptance thereof must be conditional upon approval by the Shareholders in a general meeting with such person, his associates and all core connected persons of the Company abstaining from voting in favour of the relevant resolution.

11. REORGANISATION OF CAPITAL STRUCTURE

11.1 In the event of a capitalisation issue, bonus issue, rights issue, open offer, subdivision or consolidation of Shares or reduction of capital (other than an issue of Shares as consideration in respect of a transaction), whilst any Option remains outstanding in that it is granted and yet to be exercised (and has not lapsed or been cancelled), corresponding adjustments (if any) shall be made to:

- (i) the number of Shares subject to the New Share Option Scheme;
- (ii) the number of Shares subject to outstanding Options;
- (iii) the Subscription Price in relation to each outstanding Options; and/or
- (iv) the method of exercise of the Options,

or any combination thereof, provided that:

- (a) any such adjustments give a Grantee the same proportion of the equity capital of the Company, rounded to the nearest whole share, as that to which that Grantee was previously entitled;

notwithstanding paragraph 11.1(a), any adjustments as a result of an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, should be based on a scrip factor that is calculated taking into account guidance/interpretation of the Listing Rules as may be issued by the Stock Exchange from time to time including, as of the date the New Share Option Scheme is adopted, the supplementary guidance set out in “Frequently Asked Questions” numbered 072–2020 published by the Stock Exchange, but no such adjustments shall be made to the extent that a Share would be issued at a price less than its nominal value.

- 11.2 In respect of any adjustment made by the Company under paragraph 11.1 (other than adjustment made on a capitalisation issue), the Company shall engage the Auditors or an independent financial advisor to certify in writing, either generally or in regard to any particular Grantee, that the adjustment satisfies the requirements set out in paragraphs 11.1 above. The capacity and role of the Auditors or the independent financial adviser (as the case may be) in this paragraph is that of experts and not of arbitrators and their certification shall (in the absence of manifest error) be final and binding on the Company and the Grantees. The costs of the Auditors or the independent financial adviser shall be borne by the Company.
- 11.3 If there has been any alteration in the capital structure of the Company as referred to in paragraph 11.1, the Company shall within 28 days after receipt of a confirmation of the independent financial adviser or the Auditors as referred to in paragraph 11.2, inform the Grantee of such alteration and of any adjustment to be made in accordance with the independent financial adviser's or the Auditors' confirmation obtained by the Company for such purposes.
- 11.4 Notwithstanding the aforesaid, if the Company conducts a share consolidation or subdivision after the Scheme Mandate Limit or the Service Provider Sublimit has been approved by the Shareholders, the maximum number of Shares that may be issued in respect of all options and awards to be granted under all share schemes of the Company under the Scheme Mandate Limit or the Service Provider Sublimit shall automatically be proportionately adjusted provided that such maximum number of shares as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same, rounded to the nearest whole Share.

12. SHARE CAPITAL

- 12.1 The exercise of any Option shall be subject to the Shareholders in general meeting approving any necessary increase in the authorised share capital of the Company. Subject thereto the Board shall make available sufficient authorised but unissued share capital of the Company to meet subsisting requirements on the exercise of Options.
- 12.2 The Options do not carry any right to vote at any general meeting of the Company, or any right to dividend or transfer or any other rights, including those arising on the liquidation of the Company.
- 12.3 No Grantee shall enjoy any of the rights of a Shareholder by virtue of the grant of an Option pursuant to the New Share Option Scheme, unless and until Shares are actually issued to the Grantee pursuant to exercise of such Option. A Share issued upon the exercise of an Option shall not carry any right of a Shareholder (including voting rights) until the registration of the Grantee as the holder thereof.

13. ALTERATION OF THE NEW SHARE OPTION SCHEME

The Board or scheme administrator (if any) to whom the Board delegates its duty of administering the New Share Option Scheme is entitled to amend the terms of the New Share Option Scheme without the Shareholders' approval, provided that:

- (a) any alteration to the term of the New Share Option Scheme which is of a material nature or any alteration to the provisions relating to the matters set out in rule 17.03 of the Listing Rules to the advantage of the Participants must be approved by the Shareholders;
- (b) any change to the terms of Options granted to a Participant must be approved by the Board, the Remuneration Committee, the INEDs and/or the Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the INEDs and/or the Shareholders (as the case may be), unless such change of terms takes effect automatically under existing terms of the New Share Option Scheme;
- (c) the amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of Chapter 17 of the Listing Rules; and
- (d) any change to the authority of the Board or scheme administrators to alter the terms of the New Share Option Scheme must be approved by the Shareholders.

14. CANCELLATION

14.1 Any Options granted but not exercised may be cancelled if the Grantee so agrees, as the Board may at its absolute discretion see fit and in a manner that complies with all applicable legal requirements for such cancellation, except that where the Grantee is in breach of the restrictions set out in paragraph 7.1, the Board may cancel any outstanding Option without the relevant Grantee's agreement.

14.2 Where the Company cancels Options of a Grantee and grants new Options to the same Grantee, such grant may only be made if the Scheme Mandate Limit and (if applicable) the Service Provider Sublimit will not be exceeded as a result of Shares issued pursuant to exercise of the Options so granted and for the purpose of calculating the Scheme Mandate Limit and (if applicable) the Service Provider Sublimit, the cancelled Options will be regarded as utilised.

15. TERMINATION

The Company by ordinary resolution in general meeting or the Board may at any time terminate the New Share Option Scheme and in such event no further Options may be granted but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect in respect of Options which are granted during the life of the New Share Option Scheme and (a) which remain unexercised and of which Offer Period remain unexpired immediately prior to the termination of the New Share Option Scheme or (b) which are exercised but the Shares in respect of such Options have not yet been issued to the relevant Grantees by the Company immediately prior to the termination of the New Share Option Scheme.

NOTICE OF ANNUAL GENERAL MEETING



DAWNRAYS PHARMACEUTICAL (HOLDINGS) LIMITED

東瑞製藥(控股)有限公司*

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 2348)

NOTICE IS HEREBY GIVEN that an Annual General 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 Thursday, 25 May 2023 at 10:00 a.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and consider the audited consolidated financial statements and the reports of the directors and the auditors for the financial year ended 31 December 2022.
2. To declare a final dividend of HK\$0.073 per share for the year ended 31 December 2022.
3. To:
 - (I) re-elect Mr. Hung Yung Lai as an executive director of the Company;
 - (II) re-elect Mr. Leung Hong Man as a non-executive director of the Company;
4. authorise the board of directors of the Company (the “**Board**”) to fix the remuneration of the Directors of the Company.
5. To re-appoint auditors and to authorise the Board to fix their remuneration.

* *For identification purpose only*

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and, if thought fit, pass with or without amendments the following resolutions as **Ordinary Resolutions** of the Company:

6. “**THAT**

- (i) subject to paragraph (iii) of this resolution, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the capital of the Company and to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which might require the exercise of such powers, in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
- (ii) the approval in paragraph (i) of this resolution above shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which would or might require the exercise of such powers or shares to be allotted, issued or dealt with either during or after the end of the Relevant Period;
- (iii) the aggregate number of share allotted or agreed conditionally or unconditionally to be allotted, issued or dealt with (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval granted in paragraph (i) and (ii) of this resolution above, otherwise than pursuant to (a) a Rights Issue, (as hereinafter defined), or (b) the exercise of options under any share option scheme or similar arrangement adopted by the Company, or (c) an issue of shares of the Company as scrip dividend or similar arrangement in accordance with the articles of association of the Company, shall not exceed 20% of the total number of share of the Company in issue as at the date of the passing of this resolution provided that if any subsequent consolidation or subdivision of shares in the Company is effected, the maximum number of shares that may be issued pursuant to the approval in paragraph (i) above as a percentage of the total number of issued shares immediately before and after such consolidation or subdivision shall be the same, and such maximum number of shares, and powers granted under such approval shall be adjusted accordingly; and

NOTICE OF ANNUAL GENERAL MEETING

(iv) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (c) the date on which the authority sets out in this resolution is revoked or varied by an ordinary resolution of the Company in general meeting.

“**Rights Issue**” means an offer of shares or other equity securities of the Company open for a period fixed by the directors of the Company to holders of shares on the register of Members of the Company on a fixed record date in proportion to their holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong).”

7. “**THAT**

- (i) subject to paragraph (iii) of this resolution below, the exercise by the directors of the Company during the Relevant Period (as hereinafter defined) of all powers of the Company to purchase or otherwise acquire shares in the capital of the Company on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or any other stock exchange on which the securities of the Company may be listed and recognised by the Securities and Futures Commission and the Stock Exchange for this purpose and that the exercise by the directors of the Company of all powers of the Company to purchase such securities shall be subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
- (ii) the approval in sub-paragraph (i) shall be in addition to any other authorisation given to the directors of the Company and shall authorise the directors of the Company on behalf of the Company during the Relevant Period to procure the Company to purchase its shares at a price determined by the directors of the Company;

NOTICE OF ANNUAL GENERAL MEETING

(iii) the aggregate number of shares of the Company which are authorised to be purchased or agreed conditionally or unconditionally to be purchased pursuant to the approval in paragraph (i) of this resolution above shall not exceed 10% of the total number of share of the Company in issue as at the date of the passing of this resolution provided that if any subsequent consolidation or subdivision of shares is effected, the maximum number of shares that may be purchased pursuant to the approval in paragraph (i) above as a percentage of the total number of issued shares immediately before and after such consolidation or subdivision shall be the same, and such maximum number of shares, and powers granted under such approval shall be adjusted accordingly; and

(iv) for the purpose of this resolution:

“**Relevant Period**” means the period from the date of passing of this resolution until whichever is the earliest of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; and
- (c) the date on which the authority sets out for this resolution is revoked or varied by an ordinary resolution of the Company in general meeting.”

8. **“THAT**

conditional upon the passing of the resolutions set out in paragraphs 6 and 7 of the notice convening this meeting, the aggregate number of shares in the capital of the Company which may be allotted or agreed conditionally or unconditionally to be allotted pursuant to the resolution set out in paragraph 6 of the notice convening this meeting be and is hereby extended by the addition thereto of up to an amount representing the aggregate number of shares of the Company purchased or otherwise acquired by the Company pursuant to the authority granted to the directors of the Company under the resolution set out in paragraph 7 above of the notice convening this meeting.”

NOTICE OF ANNUAL GENERAL MEETING

9. “THAT

- (i) the proposed new share option scheme of the Company as described in the circular of the Company dated 26 April 2023 (the “**New Share Option Scheme**”) (a printed copy of which being tabled before the meeting and initialled by the chairman of the meeting for the purposes of identification) be and is hereby approved and adopted and that the Directors be authorised to grant options thereunder and (subject to the Listing Committee of The Stock Exchange of Hong Kong Limited granting approval of the listing of, and permission to deal in the shares of the Company to be allotted) to allot and issue shares of the Company pursuant to the New Share Option Scheme and take all such steps as may be necessary or desirable to implement the New Share Option Scheme;
- (ii) the total number of shares in the capital of the Company which may be issued upon the exercise of all options to be granted under the New Share Option Scheme and all options and awards to be granted under any other schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue in the capital of the Company as at the date on which adoption of the New Share Option Scheme was approved by the Shareholders (the “**Adoption Date**”) (the “**Scheme Mandate Limit**”) or the relevant date of approval of the refreshment of the Scheme Mandate Limit;
- (iii) within the Scheme Mandate Limit, the number of shares in the capital of the Company which may be issued in respect of all options to be granted to the Service Providers (as defined under the New Share Option Scheme) under the New Share Option Scheme must not in aggregate exceed 0.5% of the total number of shares in issue in the capital of the Company as at the Adoption Date (the “**Service Provider Sublimit**”) or the relevant date of approval of the refreshment of the Service Provider Sublimit; and
- (iv) conditional upon the New Share Option Scheme becoming effective, the existing share option scheme of the Company as adopted on 21 June 2013 (the “**Existing Share Option Scheme**”) be and is hereby terminated upon the New Share Option Scheme coming into effect (without prejudice to the rights and benefits of and attached to any outstanding options which have been granted under the Existing Share Option Scheme prior to the date hereof (if any)).”

By Order of the Board
Li Kei Ling
Chairman

Hong Kong, 26 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes:

- (a) For determining the entitlement to attend and vote at the Annual General Meeting, the register of Members of the Company will be closed from Friday, 19 May 2023 to Thursday, 25 May 2023, both days inclusive, during which period no transfer of shares will be registered. In order to be entitled to attend and vote at the Annual General 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 18 May 2023.
- (b) For determining the entitlement to the proposed final dividend, the register of Members of the Company will be closed from Thursday, 1 June 2023 to Friday, 2 June, 2023, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 31 May 2023. The record date for determining Member's entitlement to the proposed final dividend will be Friday, 2 June 2023.
- (c) A member of the Company entitled to attend and vote at the Annual General 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.
- (d) 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time fixed for holding the Annual General Meeting or any adjournment thereof.
- (e) 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.
- (f) Further details regarding resolutions set out in paragraphs 3, and 6 to 9 of this notice of the annual general meeting of the Company are set out in the circular sent to the shareholders of the Company to which this Notice of Annual General Meeting forms part.
- (g) In case Typhoon Signal No. 8 or above is hoisted, or a Black Rainstorm Warning Signal or "extreme conditions caused by a super typhoon" announced by the Government is/are in force in Hong Kong at or at any time after 8:00 am on the date of the meeting, the Annual General Meeting will be adjourned. The Company will post an announcement on the Company website (www.dawnrays.com) and the HKEXnews website (www.hkexnews.hk) to notify shareholders of the Company of the date, time and place of the adjourned meeting.

The meeting will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders of the Company should decide on their own whether they would attend the meeting under bad weather conditions bearing in mind their own situation.

As at the date of this notice, 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; three independent non-executive directors, namely Mr. Lo Tung Sing Tony and Mr. Ede, Ronald Hao Xi and Ms. Lam Ming Yee Joan.