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Asymchem Laboratories (Tianjin) Co., Ltd.

凱萊英醫藥集團(天津)股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6821)

CONNECTED TRANSACTION FORMATION OF A FUND WITH A CONNECTED PERSON

PARTNERSHIP AGREEMENT FOR THE FORMATION OF THE FUND

The Board is pleased to announce that, on 29 April 2024, Asymchem Life Science (a wholly-owned subsidiary of the Company and as a Limited Partner), entered into the Partnership Agreement with CNCB Hengze (as a General Partner), Haizunchuang Enterprise Management (as a General Partner), Haihe Industry Fund (as a Limited Partner) and Tianjin Eco-City (as a Limited Partner) to jointly establish a fund for future investment in the innovative biopharmaceutical, synthetic biology and other industries (the “**Fund**”).

Pursuant to the Partnership Agreement, the total capital commitment to the Fund is RMB754.0 million (the “**Total Capital Commitment**”), among which, (i) the capital to be contributed by CNCB Hengze is RMB1.0 million, being approximately 0.1% of the Total Capital Commitment; (ii) the capital to be contributed by Haizunchuang Enterprise Management is RMB3.0 million, being approximately 0.4% of the Total Capital Commitment; (iii) the capital to be contributed by Haihe Industry Fund is RMB300.0 million, being approximately 39.8% of the Total Capital Commitment; (iv) the capital to be contributed by Asymchem Life Science is RMB300.0 million, being approximately 39.8% of the Total Capital Commitment; and (v) the capital to be contributed by Tianjin Eco-City is RMB150.0 million, being approximately 19.9% of the Total Capital Commitment.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Haizunchuang Enterprise Management, a Limited Partner, was owned as to 95.0% by Tianjin Zunji Private Equity Fund Management Co., Ltd. (天津尊濟私募基金管理有限公司) (“**Tianjin Zunji**”) as its general partner. Tianjin Zunji was owned as to 70.0% by Tu Zhiwei (塗智煒), the spouse of the Company’s former independent non-executive Director, Wang Qingsong (王青松), as of the date of this announcement. Wang Qingsong ceased to hold the position as an independent non-executive Director from March 2024 (within 12 months prior to the date of the Partnership Agreement). As such, Haizunchuang Enterprise Management, being a 30%-controlled company of Wang Qingsong’s spouse, is an associate of Wang Qingsong and therefore a connected person of the Company under the Listing Rules. Accordingly, the Transaction constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the circular and the independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

FORMATION OF THE FUND

The Board is pleased to announce that on 29 April 2024, Asymchem Life Science (a wholly-owned subsidiary of the Company and as a Limited Partner), entered into the Partnership Agreement with CNCB Hengze (as a General Partner), Haizunchuang Enterprise Management (as a General Partner), Haihe Industry Fund (as a Limited Partner) and Tianjin Eco-City (as a Limited Partner) to jointly establish the Fund for future investment in the innovative biopharmaceutical industry.

PRINCIPAL TERMS OF THE PARTNERSHIP AGREEMENT

Date of the Partnership Agreement	:	29 April 2024
Name of the Fund	:	Tianjin Haihe Asymchem Medical and Health Industry Investment Fund Partnership (Limited Partnership) (天津海河凱萊英醫療健康產業投資基金合夥企業(有限合夥)) (tentative name, subject to the final approval by the registration authority for industry and commerce)
Parties	:	<i>General Partners</i> (1) CNCB Hengze; and (2) Haizunchuang Enterprise Management <i>Limited Partners</i> (1) Haihe Industry Fund; (2) Asymchem Life Science; and (3) Tianjin Eco-City
Fund Purpose	:	The purpose of the Fund is to engage in investments and provide stable return for the Partners.
Capital Commitments	:	The capital commitments by each of the Partners are as follows:

Partner	Type	Capital Contribution (RMB'000)	Percentage
CNCB Hengze	General Partner	1,000	0.1%
Haizunchuang Enterprise Management	General Partner	3,000	0.4%
Haihe Industry Fund	Limited Partner	300,000	39.8%
Asymchem Life Science	Limited Partner	300,000	39.8%
Tianjin Eco-City	Limited Partner	150,000	19.9%
Total		754,000	100.0%

The size of the Fund and the capital commitments of each of the Partners are determined through arm's length negotiation with reference to the anticipated capital requirements of the Fund and the Partners' proportionate interest therein.

Asymchem Life Science expects to finance its capital commitments to the Fund under the Partnership Agreement with internal capital resources.

Term of the Fund : The operational term of the Fund is seven years from the payment due date as set out in the first payment notice issued by the Fund Manager to the Partners (the "**First Payment Date**") (with the first five years being the investment period (the "**Investment Period**") and the remaining two years being the divestment period (the "**Divestment Period**"). Except for the follow-up investment, completion of investment activities under the agreements entered into prior to the expiration of the Investment Period (including but not limited to the investment letter of intent, term sheets, investment agreement), or payment of the Fund fees, the Fund cannot be used to carry out other investment business during the Divestment Period, unless decided by the Executive Partners and approved by the Partners' meeting.

Payment Terms and Conditions of Payment : Unless otherwise specified in the Partnership Agreement, all the capital commitments to the Fund shall be paid in full within the Investment Period and the outstanding capital commitments of each Partner shall be paid in accordance with the payment notice issued by the Fund Manager (the "**Payment Notice**").

The Fund Manager shall issue Payment Notice to the relevant Partners 15 business days prior to the payment due date as specified in the Payment Notice.

Payments During the Investment Period

In principle, unless deemed as appropriate by the Executive Partners with the investment progress and operation needs taken into account, the Partners shall make their contributions in two installments (60% for the first installment and 40% for the second installment) (the actual amount of contributions from each Partner will be finally specified in the Payment Notice).

Unless otherwise specified in the Partnership Agreement, the Fund Manager shall only issue the Payment Notice for the second installment when 70% or more of the paid-in capital contributions in the first installment have been fully used for investments, committed for future investments, reserved for potential investment, or has been applied, promised or reasonably reserved for foreseeable Fund fees.

Payments During the Divestment Period

During the Divestment Period, unless approved by the Executive Partners and the Partners' meeting, Partners are only required to make their outstanding capital commitments (if any) in the event of the follow-up investment, completion of investment activities under the agreements entered into prior to the expiration of the Investment Period (including but not limited to the investment letter of intent, term sheets, investment agreement), or payment of the Fund fees.

Fund Management : *The Investment Decision Committee*

An investment decision committee will be set up as a final decision-making body as to the investment decisions of the Fund (the "**Investment Decision Committee**"). Resolutions of the Investment Decision Committee are subject to the approval by at least three committee members. If any member of the Investment Decision Committee needs to abstain from voting, approval from all remaining members is required.

The Investment Decision Committee consists of five members. Each Executive Partner has the right to appoint two members, respectively, and a Limited Partner designated by Executive Partners has the right to appoint one member.

The Executive Partners

The Executive Partners are responsible for, including but not limited to the execution of the investment decisions made by the Investment Decision Committee and entering into agreements for the daily operations of the Fund.

Advisory Committee

The Executive Partners will set up an advisory committee (the "**Advisory Committee**") to consider and approve, among others, the appointment of an alternative key person as described below, the withdrawal of any Limited Partner from the Fund, and establishment of any investment platforms in the PRC during a certain time frame as stipulated in the Partnership Agreement which propose to invest in the competitor(s) of the Fund.

Fund Manager

CNCB Fund Management will act as Fund Manager and is responsible for the investment management and administrative matters of the Fund, including but not limited to, conducting investigation and evaluation of the Fund's investments, and actively fulfilling the filing procedures of the Fund required by the Asset Management Association of China.

Unless otherwise specified in the Partnership Agreement, the Fund Manager can be replaced with the approval of more than two-thirds of the voting rights held by the non-defaulting Partners at the Partners' meeting.

Key Persons Mechanism

In the event that any key person as identified in the Partnership Agreement ceases to serve for 90 consecutive days during the Investment Periods (the "**Key Person Event**"), the Executive Partners shall, within seven business days from the relevant Key Person Event, notify the other Partners and select an alternative key person within 120 days from the relevant Key Person Event, provided that the appointment of such alternative key person must be considered and approved by the Advisory Committee. The Fund cannot make any further investments if the Executive Partners do not select an alternative key person within 120 days from the relevant Key Person Event or the proposed alternative key person is not approved by the Advisory Committee.

**Management
Fees and
Executive
Partner
Remuneration**

: The Partners agree to pay management fee to the Fund Manager, and to pay remuneration to Haizunchuang Enterprise Management for acting as one of the Executive Partners.

Unless waived by the Fund Manager or Haizunchuang Enterprise Management, respectively, the annual management fee payable to the Fund Manager (the "**Annual Management Fee**") and the annual remuneration payable to Haizunchuang Enterprise Management (the "**Annual Executive Partner Remuneration**") shall both be calculated as below:

- (1) during the Investment Period: 1% of aggregate paid-in capital contribution (including the overdue capital contribution that should have been paid in) per annum.
- (2) after the Investment Period, 1% of the actual management size shared by such Partner.

**Income Distribution
and Loss Sharing**

: ***Income Distribution***

The investment income, and other investment gains (the total amount of dividends, interest and other similar income received from the investee) in respect of each investment made by the Fund shall be distributed initially in proportion to the Partners' respective paid-in capital contribution used to cover the cost of corresponding investment (the "**Investment Cost Sharing Percentage**")

Of which, the amount attributable to the General Partners pursuant to such division shall be directly distributed to the General Partners, and the amount attributable to each Limited Partner shall be further allocated between such Limited Partner and the General Partners in the following agreed principles and order:

- (1) first, 100% to such Limited Partners until the cumulative amounts distributed to such Limited Partner under this paragraph (1) is equal to the below aggregate amount:
 - (a) aggregate investment principal borne by such Limited Partner in respect of all realized investments as of the time of such income distribution (“**Realized Investments**”);
 - (b) investment related partnership expenses in respect of the Realized Investments borne by such Limited Partner calculated based on its respective Investment Cost Sharing Percentage;
 - (c) other partnership expenses (excluding expenses as stipulated in (b) above, the Annual Management Fee and Annual Executive Partner Remuneration) in respect of the Realized Investments borne by such Limited Partner based on its respective capital commitment percentage in the Fund. The aforementioned other partnership expenses are calculated based on the proportion of the investment principal of such investment under income distribution divided by the investment principal of all the investments.
- (2) second, 100% of the balance, if any, to such Limited Partner until the cumulative amounts distributed to such Limited Partner under this paragraph (2) reach an investment return calculated at 8% per annum (simple interest) based on its aggregate distribution amount calculated under paragraph (1) (“**Benchmark Return**”);
- (3) third, the balance, if any, to the General Partners until the General Partners have received cumulative distributions pursuant to this paragraph (3) equal to the amount of the Benchmark Return under paragraph (2) above divided by 80% and multiplied by 20%;
- (4) fourth, 80% of the balance, if any, to such Limited Partner and 20% to the General Partners.

The distributable income of the Fund other than its investment income and other investment gains will be allocated and distributed to the Partners in proportion to their paid-in capital contributions to the Fund.

Loss Sharing

Unless otherwise agreed in the Partnership Agreement, the investment losses of the Fund will be shared among all Partners in proportion to their respective Investment Cost Sharing Percentage, and other losses will be shared among all Partners in proportion to their respective capital commitments.

Transfer of Interests in the Fund : Unless otherwise agreed under the Partnership Agreement, no transfer of partnership interest in the Fund by a Limited Partner in part or in full may be made without the consent of the General Partners and satisfaction of the conditions stipulated in the Partnership Agreement.

With the approval of the Advisory Committee, the General Partners may transfer their partnership interests in the Fund to non-Affiliate(s). The General Partners may transfer their partnership interests to their Affiliate(s) at their discretion.

REASONS AND BENEFITS OF ENTERING INTO THE PARTNERSHIP AGREEMENT

To capitalize on the opportunities in the global and domestic innovative biopharmaceutical market and synthetic biology market, and establish a strategic business collaboration model based on “assets + capital + services”, the Company proposed to invest in a specialized investment fund focusing on the innovative biopharmaceutical, synthetic biology and other industries. By entering into the Partnership Agreement, the Company aims to enhance its technical capabilities, support its business expansion plans, foster sustainable and stable development, and facilitate beneficial interaction between its industrial resources and the expertise and capital of professional investment institutions.

In addition to expected capital appreciation returns, the Company will fully utilize the advantages of the Fund’s resource network, platform, and professional risk control capabilities. Together with its one-stop innovative drug technology service platform, the Company will explore investment opportunities, further gain opportunities and pathways for cooperation with high-quality companies, and provide comprehensive CDMO+CRO services to these companies, allowing the Company to fully share the benefits of the growth of the domestic and international innovative biopharmaceutical market and synthetic biology market.

As such, the Directors (including the independent non-executive Directors) considered that the entering into of the Partnership Agreement could bring more potential investment and collaboration opportunities and reasonable investment returns for the Company, and the terms and conditions of the Partnership Agreement are on normal commercial terms entered into after arm’s length negotiations, fair and reasonable and in the interest of the Company and its Shareholders as a whole.

INFORMATION OF PARTNERS

The Company

The Company is a leading, technology-driven CDMO providing comprehensive solutions throughout the drug development and manufacturing process. The Company provides process development and manufacturing services for drugs throughout the pre-clinical, clinical and commercial stages, and has become an integral part of the global value chain for innovative drugs.

Asymchem Life Science

Asymchem Life Science is a limited liability company established in December 2005 in the PRC. Asymchem Life Science is equipped with a new technology development center, providing high-quality and efficient clinical drug supply chain services. As of the date of this announcement, Asymchem Life Science was a wholly-owned subsidiary of the Company.

CNCB Hengze

CNCB Hengze is a limited partnership established in March 2024 in the PRC and mainly engages in enterprise management consulting. As of the date of this announcement, CNCB Hengze was owned as to approximately 90.9% by Ying Tan CNCB One Belt One Road Investment Management Co., Ltd. (鷹潭市信銀一帶一路投資管理有限公司) as its general partner and as to approximately 9.1% by CNCB Fund Management as its limited partner. As of the date of this announcement, Ying Tan CNCB One Belt One Road Investment Management Co., Ltd. was wholly owned by CNCB Fund Management. CNCB Fund Management was wholly owned by CNCB (Hong Kong) Investment Limited (信銀(香港)投資有限公司), which was wholly owned by China CITIC Bank Corporation Limited (中信銀行股份有限公司), a company listed both on the Shanghai Stock Exchange (stock code: 601998) and the Hong Kong Stock Exchange (stock code: 0998) as of the date of this announcement.

Haizunchuang Enterprise Management

Haizunchuang Enterprise Management is a limited partnership established in January 2024 in the PRC and mainly engages in enterprise management consulting. As of the date of this announcement, Haizunchuang Enterprise Management was owned as to 95.0% by Tianjin Zunji as its general partner and as to 5.0% by Tianjin Haihe Industry Fund Management Co., Ltd. (天津市海河產業基金管理有限公司) as its limited partner. Tianjin Zunji was owned as to 70.0% by Tu Zhiwei, the spouse of the Company's former Director, Wang Qingsong, and as to 30.0% by He Zipeng (何梓鵬) (an individual who is an Independent Third Party), as of the date of this announcement. Haizunchuang Enterprise Management, being a 30%-controlled company of Wang Qingsong's spouse, is an associate of Wang Qingsong and therefore a connected person of the Company.

Haihe Industry Fund

Haihe Industry Fund is a limited partnership established in March 2017 in the PRC and mainly engages in equity investment. As of the date of this announcement, Haihe Industry Fund was owned as to approximately 99.75% by Tianjin Finance Bureau (天津市財政局), as its limited partner and as to approximately 0.25% by Tianjin Haihe Industry Fund Management Co., Ltd. as its general partner. As of the date of this announcement, Tianjin Haihe Industry Fund Management Co., Ltd. was owned by fourteen shareholders (with each of them holding less than 21% of its equity interests and Financial Investment Business Center of Tianjin Municipal Bureau of Finance (天津市財政局財政投資業務中心) being its largest shareholder holding approximately 21% of its equity interests).

Tianjin Eco-City

Tianjin Eco-City was established in October 2012 in the PRC and mainly engages in state-owned assets operation and management, housing leasing, landscaping and greening projects and public construction projects within the authorization scope of the China-Singapore Tianjin Eco-City Administrative Committee (中新天津生態城管理委員會). As of the date of this announcement, Tianjin Eco-City was wholly-owned by the China-Singapore Tianjin Eco-City Administrative Committee, a state-owned entity.

Save as disclosed above, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, the Partners and their respective ultimate beneficial owners were Independent Third Parties as of the date of this announcement. None of the Directors has a material interest in entering into the Partnership Agreement or has abstained from voting on the relevant Board resolutions in respect thereof.

LISTING RULES IMPLICATIONS

As of the date of this announcement, Haizunchuang Enterprise Management, a Limited Partner, was owned as to 95.0% by Tianjin Zunji as its general partner. Tianjin Zunji was owned as to 70.0% by Tu Zhiwei, the spouse of the Company's former independent non-executive Director, Wang Qingsong, as of the date of this announcement. Wang Qingsong ceased to hold the position as an independent non-executive Director from March 2024 (within 12 months prior to the date of the Partnership Agreement). As such, Haizunchuang Enterprise Management, being a 30%-controlled company of Wang Qingsong's spouse, is an associate of Wang Qingsong and therefore a connected person of the Company under the Listing Rules. Accordingly, the Transaction constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements but is exempt from the circular and the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITION

“Affiliate(s)”	any person (including any natural person, business, corporation, or other legal or economic entity), any other person controlling, controlled by or under common control with such person. A partnership or any affiliated fund shall not be an Affiliate solely because of the investments from the Fund or any General Partner. “Control” means the power to control the main business conduct or personal activities of others and such power can be formed through shareholding, voting rights, personnel appointment powers, and control agreements or other arrangements that may lead to the transfer of interests. An “affiliated fund” means any other entity for which any General Partner or Fund Manager acts as an executive partner or any other entity managed by them
“Asymchem Life Science”	Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司), a limited liability company established in December 2005 in the PRC and a wholly-owned subsidiary of the Company as of the date of this announcement

“Board”	the board of directors of the Company
“Company”	Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司), a company established under the PRC laws on October 8, 1998, the A Shares of which are listed on the Shenzhen Stock Exchange and the H Shares of which are listed on the Hong Kong Stock Exchange
“CNCB Fund Management” or “Fund Manager”	CNCB (Beijing) Equity Investment Fund Management Co., Limited (信銀振華(北京)股權投資基金管理有限公司), a limited liability company established in November 2013 in the PRC and the limited partner of the CNCB Hengze as of the date of this announcement
“CNCB Hengze”	Tianjin CNCB Hengze Management Consulting Partnership (Limited Partnership) (天津信銀恒澤管理諮詢合夥企業(有限合夥)), a limited partnership established in March 2024 in the PRC
“connected person”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Executive Partner(s)”	the executive partners of the Fund, being Haizunchuang Enterprise Management and CNCB Hengze
“General Partner(s)”	the general partners of the Fund, being CNCB Hengze and Haizunchuang Enterprise Management
“Haizunchuang Enterprise Management”	Haizunchuang (Tianjin) Enterprise Management Consulting Partnership (Limited Partnership) (海尊創(天津)企業管理諮詢合夥企業(有限合夥)), a limited partnership established in January 2024 in the PRC
“Haihe Industry Fund”	Tianjin Haihe Industry Fund Partnership (Limited Partnership) (天津市海河產業基金合夥企業(有限合夥)), a limited partnership established in March 2017 in the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“Independent Third Parties”	the third parties independent of the Company and its connected persons
“Limited Partner(s)”	limited partners of the Fund, being Haihe Industry Fund, Asymchem Life Science and Tianjin Eco-City
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time

“Partner(s)”	partner(s) of the Fund, including the General Partners and the Limited Partners
“Partnership Agreement”	the partnership agreement dated 29 April 2024 entered into among the Partners in respect of, among other things, the formation of the Fund
“PRC”	the People’s Republic of China excluding Hong Kong, Macau and Taiwan solely for the purpose of this announcement
“RMB”	renminbi, the lawful currency of the PRC
“Shareholders”	holders of the shares of the Company
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“Tianjin Eco-City”	Tianjin Eco-City State-Owned Assets Management Co., Ltd. (天津生態城國有資產經營管理有限公司), a limited liability company incorporated in the PRC
“Transaction”	the transaction contemplated under the Partnership Agreement entered into among the Partners
“%”	per cent

By order of the Board
Asymchem Laboratories (Tianjin) Co., Ltd.
Dr. Hao Hong
Chairman of the Board, Executive Director and Chief Executive Officer

Tianjin, 29 April 2024

As at the date of this announcement, the Board of Directors of the Company comprises Dr. Hao Hong as the Chairman of the Board of Directors and executive Director, Ms. Yang Rui, Mr. Zhang Da and Mr. Hong Liang as executive Directors, Dr. Ye Song and Ms. Zhang Ting as non-executive Directors, and Dr. Sun Xuejiao, Mr. Hou Xinyi and Mr. Lee, Kar Chung Felix as independent non-executive Directors.