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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)

**PROPOSED TERMINATION OF THE IMPLEMENTATION OF 2021
RESTRICTED A SHARE INCENTIVE SCHEME
AND
REPURCHASE AND CANCELLATION OF RESTRICTED A SHARES
GRANTED UNDER THE 2021 RESTRICTED A SHARE INCENTIVE
SCHEME**

Reference is made to the prospectus of Asymchem Laboratories (Tianjin) Co., Ltd. (the “**Company**”) dated 30 November 2021 (the “**Prospectus**”) in relation to, among others, the 2021 Restricted A Share Incentive Scheme (the “**2021 A Share Incentive Scheme**”). Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as those defined in the Prospectus.

On 21 June 2024, the board (the “**Board**”) of directors (the “**Director(s)**”) of the Company has considered and approved the “Proposal on the Termination of the Implementation of the 2021 A Share Incentive Scheme and the Repurchase and Cancellation of Restricted A Shares”, pursuant to which the 2021 A Share Incentive Scheme is proposed to be terminated (the “**Proposed Termination**”) and a total of 1,753,010 restricted A Shares under the initial grant but not yet unlocked under the 2021 A Share Incentive Scheme held by 245 eligible participants are proposed to be repurchased and cancelled (the “**Repurchase and Cancellation**”).

I. REASONS FOR THE PROPOSED TERMINATION AND THE REPURCHASE AND CANCELLATION

The purpose of the 2021 A Share Incentive Scheme is to attract and retain talents, and fully mobilize the enthusiasm and cohesion of the key personnel of the Company and foster joint focus on the long-term development of the Company.

With the impacts of the significant changes in various factors such as market environment taken into consideration, should the implementation of the 2021 A Share Incentive Scheme continue, it would be difficult to achieve the original incentive purposes and effects. On the basis of comprehensive consideration of the actual situation of the business development and the overall planning of equity incentive related work, and in order to better protect the interests of the Company, its shareholders and employees, after prudent consideration, the Company decided to terminate the implementation of the 2021 A Share Incentive Plan and the Board proposed the Repurchase and Cancellation. Meanwhile, the documents relevant to the 2021 A Share Incentive Scheme, including but not limited to the Assessment Management Measures for Implementation of the 2021 A Share Incentive Scheme (《2021年限制性股票激勵計劃實施考核管理辦法》), will also be terminated together.

Pursuant to the requirements under the Measures for the Administration of Equity Incentives of Listed Companies (2018 Amendment) (《上市公司股權激勵管理辦法(2018修正)》) (the “**Administration Measures** (《管理辦法》)”) issued by China Securities Regulatory Commission (中國證券監督管理委員會) and relevant terms of the 2021 A Share Incentive Scheme, any termination of an incentive scheme by the Company shall be subject to consideration and approval at the general meeting, the A shares class meeting and the H shares class meeting of the Company and the restricted shares that have not yet been unlocked shall be repurchased and cancelled.

II. INFORMATION ABOUT THE REPURCHASE AND CANCELLATION

1. Number of Restricted A Shares to be Repurchased and Cancelled

After the termination of the 2021 A Share Incentive Scheme, a total amount of 1,753,010 restricted A Shares granted to 245 eligible participants under the initial grant of the 2021 A Share Incentive Scheme but not yet unlocked will be repurchased and cancelled by the Company. None of these eligible participants is a connected person of the Company as defined under the Listing Rules.

2. Repurchase Price and Pricing Basis

Pursuant to the relevant terms of the 2021 A Share Incentive Scheme, the repurchase price of the restricted A Shares shall be adjusted according to the 2022 profit distribution plan of the Company as considered and approved at the 2022 annual general meeting of the Company dated 9 June 2023. Therefore, the repurchase price of the restricted A Shares under the initial grant of the 2021 A Share Incentive Scheme has been adjusted to RMB130.14 per restricted A Share.

3. Total Amount and Source of the Funds for Repurchase and Cancellation

The total amount of the funds to be used for the Repurchase and Cancellation is RMB228,136,721.40, which will be derived from the Company’s internal funds.

III. CHANGES IN THE COMPANY’S SHAREHOLDING STRUCTURE

Class of Shares	Immediately before the Repurchase and Cancellation		Immediately after the Repurchase and Cancellation	
	Number of Shares issued	Percentage of shareholding	Number of Shares issued	Percentage of shareholding
A Shares	341,918,273	92.54%	340,165,263	92.51%
H Shares	27,553,260	7.46%	27,553,260	7.49%
Total number of Shares	369,471,533	100.00%	367,718,523	100.00%

IV. IMPACT OF THE PROPOSED TERMINATION ON THE COMPANY

The Repurchase and Cancellation of the Company due to the Proposed Termination will result in a decrease in the share capital of the Company. The Company will account for the Proposed Termination in accordance with relevant requirements under the Accounting Standards for Business Enterprises of the PRC.

The Proposed Termination, and the Repurchase and Cancellation will not have any material impact on the Company's financial position and operating results. The impact of the final payment for restricted A Shares on the net profit of the Company is subject to the audit report issued by the accounting firm. The Proposed Termination will not cause significant prejudice to the interests of the Company and all the shareholders of the Company or breach any laws or regulations, nor will it have material impact on the Company's daily operation and future developments.

In accordance with the relevant provisions of the Administration Measures (《管理辦法》), no share incentive scheme will be considered by the Company within three months from the date of the announcement of the approval of the Proposed Termination at the general meeting of the Company. The Company will, in accordance with the provisions of relevant laws and regulations, fully consider the industry and market developments in conjunction with the actual situation of the Company, fully mobilize the enthusiasm of the management and employees of the Company by optimizing the remuneration system and improving the performance appraisal, so as to promote the sustainable and healthy development of the Company. In the future, the Company will select appropriate ways and implement long-term and effective incentive mechanism in accordance with the development needs, regulatory policies and changes in the market environment to attract and retain outstanding talents, give full play to the motivation and creativity of the Company's management and key employees, and promote the Company's healthy and long-term development.

V. OPINION OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS OF THE COMPANY

After careful review, the independent non-executive Directors of the Company are of the view that due to ongoing changes in the domestic and international macroeconomic environment, market conditions and industrial market since the implementation of the 2021 A Share Incentive Scheme, the Company's share price has fluctuated significantly. Should the 2021 A Share Incentive Scheme continue, it would be difficult to achieve the original incentive purposes and effects. Therefore, after careful consideration, the Company decided to terminate the implementation of the 2021 A Share Incentive Scheme and to repurchase and cancel the restricted A Shares granted but not yet unlocked. The termination procedures of the 2021 A Share Incentive Scheme are in compliance with the relevant laws and regulations such as the Company Law of the People's Republic of China (《中華人民共和國公司法》) (the "PRC Company Law (《中國公司法》)"), the Securities Law of the People's Republic of China (《中華人民共和國證券法》) (the "PRC Securities Law (《中國證券法》)") and the Administration Measures (《管理辦法》), and will not impair the interests of the Company and all shareholders, especially the interests of minority shareholders.

VI. OPINION OF THE BOARD OF SUPERVISORS OF THE COMPANY

The board of supervisors of the Company are of the view that the Proposed Termination, and the Repurchase and Cancellation comply with the relevant laws and regulations and administrative rules including the Administration Measures (《管理辦法》) as well as the terms of the 2021 A Share Incentive Scheme. The procedures performed are legal and effective. Should the implementation of the 2021 A Share Incentive Scheme continue, it would be difficult to achieve the originally expected incentive purposes and effects. The Proposed Termination, and the Repurchase and Cancellation will not have material impact on the daily operation and future developments of the Company, nor will they impair the interests of the Company and the shareholders of the Company as a whole. The board of supervisors of the Company agrees with the Company's Proposed Termination, and the Repurchase and Cancellation.

VII. LEGAL OPINION FROM THE PRC LEGAL ADVISOR OF THE COMPANY

DeHeng Law Offices, the PRC legal advisor of the Company, are of the view that, as of the date of the issuance of their legal opinions, the Proposed Termination, and the Repurchase and Cancellation have complied with the PRC Company Law (《中國公司法》), the PRC Securities Law (《中國證券法》), the Administration Measures (《管理辦法》), the Self-Regulatory Guidelines No. 1 for the Companies Listed on the Shenzhen Stock Exchange – Business Handling (《深圳證券交易所上市公司自律監管指南第1號—業務辦理》) and other laws and regulations as well as the relevant terms of the 2021 A Share Incentive Scheme, and have obtained the necessary approvals and authorization at the current stage. The Proposed Termination, and the Repurchase and Cancellation should be submitted to the general meeting of the Company for review. The Company should perform its information disclosure obligations in accordance with relevant laws and regulations, and complete the share cancellation procedures and the corresponding capital reduction procedures.

VIII. GENERAL

The Proposed Termination, and the Repurchase and Cancellation are subject to the approval of shareholders of the Company. A circular containing, among others, details of the aforementioned issues will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.asymchem.com), and despatched to the shareholders of the Company (if necessary) as soon as possible.

By order of the Board
Asymchem Laboratories (Tianjin) Co., Ltd.
Dr. Hao Hong

Chairperson of the Board, Executive Director and Chief Executive Officer

Tianjin, the PRC, 21 June 2024

As of the date of this announcement, the Board of Directors of the Company comprises Dr. Hao Hong as the Chairperson 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.