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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 Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司), you should at once hand this circular and the accompanying form(s) of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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)

- (1) PROPOSED CHANGE AND DELAY IN PART OF PROCEEDS-FUNDED PROJECTS, AND ESTABLISHMENT OF NEW PROCEEDS-FUNDED PROJECTS;**
 - (2) PROPOSED REPURCHASE AND CANCELLATION OF PART OF RESTRICTED A SHARES UNDER THE 2020 RESTRICTED A SHARE INCENTIVE SCHEME;**
 - (3) PROPOSED TERMINATION OF THE IMPLEMENTATION OF THE 2021 RESTRICTED A SHARE INCENTIVE SCHEME, AND REPURCHASE AND CANCELLATION OF RESTRICTED A SHARES GRANTED UNDER THE 2021 RESTRICTED A SHARE INCENTIVE SCHEME;**
 - (4) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**
 - (5) NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING OF 2024;**
- AND**
- (6) NOTICE OF THE FOURTH H SHARES CLASS MEETING OF 2024**

A letter from the Board is set out on pages 4 to 34 of this circular. Notices convening the EGM on Friday, 19 July 2024 at 2:00 p.m. and after the conclusion of the EGM and the A Shares Class Meeting, the H Shares Class Meeting to be held at No. 71, 7th Street, Economic – Technological Development Area, Tianjin, PRC, are set out on pages 35 to 40 of this circular and published and be available for download on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and of the Company (www.asymchem.com).

Whether or not you are able to attend the EGM and the H Shares Class Meeting, you are reminded to complete, sign and return the corresponding form(s) of proxy in accordance with the instructions printed thereon and return it to the Company's H Shares Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 24 hours before the time fixed for holding the EGM and the H Shares Class Meeting (i.e., not later than 2:00 p.m. on Thursday, 18 July 2024) or any adjournment thereof (as the case may be). Completion and return of the form(s) of proxy will not preclude you from attending and voting in person at the EGM and the H Shares Class Meeting or any adjournment thereof (as the case may be) if you so wish.

Reference to times and dates in this circular are to Hong Kong local times and dates.

28 June 2024

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DEFINITIONS

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

“A Share(s)”	ordinary share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed for trading on the Shenzhen Stock Exchange and traded in Renminbi
“A Shares Class Meeting”	the fourth A Shares class meeting of 2024 of the Company to be held on Friday, 19 July 2024
“A Share Incentive Schemes”	the share incentive plan of the Company adopted by the Board, namely, the 2016 Share Option and Restricted A Share Incentive Scheme, the 2018 Restricted A Share Incentive Scheme, the 2019 Restricted A Share Incentive Scheme, the 2020 Restricted A Share Incentive Scheme and the 2021 Restricted A Share Incentive Scheme
“Administration Measures (《管理辦法》)”	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)》)
“API”	active pharmaceutical ingredient
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of directors of the Company, from time to time
“CDMO”	Contract Development Manufacturing Organization, a company that mainly provides CMC, drug development and drug manufacturing services in the pharmaceutical industry
“cGMP”	current Good Manufacturing Practice, a quality system enforced by relevant regulatory authorities to ensure that the products produced meet specific requirements for identity, strength, quality and purity
“China” or the “PRC”	the People’s Republic of China, but for the purpose of this circular and for geographical reference only, references herein to “China” and the “PRC” do not apply to Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

DEFINITIONS

“Class Meetings”	the A Shares Class Meeting and the H Shares Class Meeting
“CSRC”	the China Securities Regulatory Commission of the People’s Republic of China
“Director(s)”	the director(s) of the Company, from time to time
“EGM”	the third extraordinary general meeting of 2024 of the Company to be held on Friday, 19 July 2024 at 2:00 p.m.
“FDA”	U.S. Food and Drug Administration
“H Share(s)”	the overseas listed foreign shares with a nominal value of RMB1.00 each in the share capital of the Company, which are listed on the Stock Exchange
“H Shares Registrar”	Computershare Hong Kong Investor Services Limited
“H Shareholder(s)”	holder(s) of H Shares
“H Shares Class Meeting”	the fourth H Shares class meeting of 2024 of the Company to be held after the conclusion of the EGM and the A Shares Class Meeting on Friday, 19 July 2024
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Notice of EGM”	the notice of the EGM dated 28 June 2024, a copy of which is set out on pages 35 to 37 of this circular
“Notice of H Shares Class Meeting”	the notice of the H Shares Class Meeting dated 28 June 2024, a copy of which is set out on pages 38 to 40 of this circular
“PRC Company Law (《中國公司法》)”	the Company Law of the People’s Republic of China (《中華人民共和國公司法》)
“PRC Securities Law (《中國證券法》)”	the Securities Law of the People’s Republic of China (《中華人民共和國證券法》)

DEFINITIONS

“Prospectus”	the prospectus of the Company dated November 30, 2021
“R&D”	research and development
“RMB”	Renminbi, the lawful currency of the PRC
“Self-Regulatory Guidelines No. 1 (《自律監管指南第1號》)”	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》)
“Share(s)”	ordinary share(s) in the share capital of the Company with a nominal value of RMB1.00 each, comprising H Shares and A Shares
“Shareholder(s)”	the shareholder(s) of the Company
“Shenzhen Stock Exchange”	The Shenzhen Stock Exchange
“Stock Exchange” or “Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“the Company”, “our Company” or “Asymchem”	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
“the Group” or “our Group”	the Company and its subsidiaries
“%”	percent

LETTER FROM THE BOARD



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)

Executive Directors:

Dr. Hao Hong
Ms. Yang Rui (楊蕊)
Mr. Zhang Da (張達)
Mr. Hong Liang (洪亮)

Non-executive Directors:

Dr. Ye Song
Ms. Zhang Ting (張婷)

Independent Non-executive Directors:

Dr. Sun Xuejiao (孫雪嬌)
Mr. Hou Xinyi (侯欣一)
Mr. Lee, Kar Chung Felix (李家聰)

*Registered Office and Head Office
in the PRC:*

No. 6 Dongting 3rd Street
Economic – Technological
Development Area
Tianjin, PRC

Place of Business in Hong Kong:

40th Floor, Dah Sing Financial Centre
248 Queen's Road East
Wanchai, Hong Kong

28 June 2024

To the Shareholders

Dear Sir or Madam,

- (1) **PROPOSED CHANGE AND DELAY IN PART OF PROCEEDS-FUNDED PROJECTS, AND ESTABLISHMENT OF NEW PROCEEDS-FUNDED PROJECTS;**
 - (2) **PROPOSED REPURCHASE AND CANCELLATION OF PART OF RESTRICTED A SHARES UNDER THE 2020 RESTRICTED A SHARE INCENTIVE SCHEME;**
 - (3) **PROPOSED TERMINATION OF THE IMPLEMENTATION OF THE 2021 RESTRICTED A SHARE INCENTIVE SCHEME, AND REPURCHASE AND CANCELLATION OF RESTRICTED A SHARES GRANTED UNDER THE 2021 RESTRICTED A SHARE INCENTIVE SCHEME;**
 - (4) **PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**
 - (5) **NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING OF 2024;**
- AND**
- (6) **NOTICE OF THE FOURTH H SHARES CLASS MEETING OF 2024**

INTRODUCTION

References are made to (i) the announcement of the Company dated 26 June 2024 in relation to the proposed change and delay in part of proceeds-funded projects, and establishment of new proceeds-funded projects; (ii) the announcement of the Company dated 15 March 2024 in relation to the proposed repurchase and cancellation under the 2020 restricted A Share Incentive Scheme; (iii) the announcement of the Company dated 21 June 2024 in relation to the proposed termination of the implementation of the 2021 restricted A

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Share Incentive Scheme, and repurchase and cancellation of restricted A Shares granted under the 2021 restricted A Share Incentive Scheme; and (iv) the announcement of the Company dated 21 June 2024 in relation to the proposed amendments to the Articles of Association (collectively, the “**Announcements**”). Unless otherwise specified, capitalized terms used in this circular shall have the same meanings as those defined in the Prospectus and the Announcements.

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the EGM and the H Shares Class Meeting to be held on Friday, 19 July 2024 to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM and the H Shares Class Meeting. For the details of the proposed resolutions at the EGM and the H Shares Class Meeting, please also refer to the notices of the EGM and the H Shares Class Meeting enclosed with this circular.

PROPOSED CHANGE AND DELAY IN PART OF PROCEEDS-FUNDED PROJECTS, AND ESTABLISHMENT OF NEW PROCEEDS-FUNDED PROJECTS

I. Introduction

The Company issued 10,178,731 A Shares with an offering price of RMB227.00 per share to designated investors in September 2020 (the “**Non-public Offering**”), and raised net proceeds (the “**Proceeds**”) of RMB2,274,960,656.06 (net of expenses related to the offering). The following table sets out the projects funded by the Proceeds and the use of the Proceeds for such projects as of 26 June 2024:

No.	Implementation entity	Project name	Investment		
			Total investment amount (RMB0'000)	amount proposed to be funded by the Proceeds (RMB0'000)	Accumulated investment amount as of 26 June 2024 (RMB0'000)
1.	Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司)	Expansion Project of One-stop Service Platform for Innovative Drugs of Asymchem Life Science (Tianjin) Co., Ltd.	68,000.00	2,204.63	2,204.63
2.	Shanghai Asymchem Biotechnology Co., Ltd. (上海凱萊英生物技術有限公司)	Construction Project of R&D and Production Platform for Biological Macromolecule Innovative Drugs and Formulation	62,236.45	6,551.69	6,551.69

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No.	Implementation entity	Project name	Investment		
			Total investment amount (RMB0'000)	amount proposed to be funded by the Proceeds (RMB0'000)	Accumulated investment amount as of 26 June 2024 (RMB0'000)
3.	Asymchem Pharmaceuticals (Jiangsu) Co., Ltd. (凱萊英藥業(江蘇)有限公司)	Biopharmaceutical R&D and Production All in-one Base Project of Asymchem Pharmaceuticals (Jiangsu) Co., Ltd.	230,938.65	100,000.00	5,153.57
4.	Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司)	Chemical Macromolecule Project of Asymchem Life Science (Tianjin) Co., Ltd.	50,000.00	40,000.00	40,000.00
5.	Tianjin Asymchem Biotechnology Co., Ltd. (天津凱萊英生物技術有限公司)	Key Green Technology Development and Industrialization Project of Tianjin Asymchem Biotechnology Co., Ltd.	40,000.00	13,257.10	13,257.10
6.	Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司)	To supplement working capital	66,057.20	66,057.20	66,057.20
Total			-	228,070.62	133,224.19

Note:

For the previous changes in the use of part of Proceeds and establishment of new Proceeds-funded projects, please refer to the circular dated 10 October 2022 and the announcement dated 28 October 2022.

II. The Use of Funds for the Proceeds-funded Projects to be Changed and Delayed this Time

Based on the dynamics of the domestic and international small molecule CDMO industry and market, in line with the Company's development strategy, and for the purposes of effectively improving the efficiency of the use of the Proceeds, the Company intends to change the investment amount of Proceeds committed to be used for the Biomedical R&D and Production Integration Base Project of Asymchem Pharmacy (Jiangsu) Co., Ltd. (the "**Taixing Project**"), and extend the date of reaching expected conditions for use to 30 June 2026; meanwhile, it intends to invest the reduced Proceeds for the aforementioned project into the proposed new Proceeds-funded projects, namely the Pharmaceutical R&D Center Project of Asymchem Life Science (Jiangsu) Co., Ltd. (the "**R&D Center Project**"), the High-end

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Formulation Pilot and Industrialization Project of Tianjin Asymchem Biotechnology Co., Ltd. (the “**Formulation Pilot and Industrialization Project**”), and the Phase I Project of the Construction of Continuous Reaction Technology Service Platform of Asymchem Life Science (Tianjin) Co., Ltd. (the “**Continuous Reaction Technology Project**”) (the “**Proposed Change**”). The particulars are as follows:

Item	Before the Proposed Change		After the Proposed Change	
	Committed investment amount	Used Amount	Committed investment amount	Reduced amount
Amount of Proceeds committed to be used for the Taixing Project	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>	<i>(RMB0'000)</i>
	100,000	5,153.57	60,000	40,000
Date of reaching expected conditions for use	30 September 2024		30 June 2026	

After the Proposed Change, the committed investment will comprise construction fee of RMB214.36 million, equipment procurement fee of RMB269.48 million, and installation and engineering fee of RMB116.16 million. The Taixing Project will involve the construction of a new manufacturing workshop, a new manufacturing control center, a new R&D workshop and other auxiliary supporting equipment in terms of R&D, manufacturing and environment protection. The Taixing Project will also involve the purchase of 218 sets of manufacturing and R&D equipment and devices together with 17 sets of auxiliary equipment to meet the needs of CDMO R&D and commercialization manufacturing. Based on preliminary calculations, after the Proposed Change, the Taixing Project will have a total rate of return of no less than 14.31% and an investment payback period (including the construction period) of less than 7.32 years. The Taixing Project has good economic benefits and is in line with the Company’s long-term development goals. The aforementioned economic analysis is only based on the Company’s calculations according to the current market conditions, and does not represent the Company’s actual profit guarantee for the Taixing Project. Investors of the Company are advised to be aware of such investment risks.

After the Proposed Change, the reduction of RMB400.00 million from the Proceeds committed to be used for the Taixing Project is intended to be used for the new Proceeds-funded project proposed this time, the R&D Center Project, the Formulation Pilot and Industrialization Project and the Continuous Reaction Technology Project respectively. The amount of the changed Proceeds accounts for approximately 17.58% of the actual net Proceeds (excluding the bank interest and the cash management income). As of the date of this circular, the R&D Center Project has received the project filing certificate Su Yuan Xing Shen Bei [2024] No. 471 (蘇園行審備[2024]471 號); the Formulation Pilot and Industrialization Project has received the project filing certificate Jin Kai Shen Pi [2024] No. 11127 (津開審批[2024]11127 號); the Continuous Reaction Technology Project has received the project filing certificate Jin Kai Shen Pi [2024] No. 11238 (津開審批[2024]11238 號)). Other procedures including the environmental impact assessment of the abovementioned projects are under way.

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III. Reasons for the Change and Delay in Part of Proceeds-funded Projects

In 2023, all the large orders have been fully executed, and the Company's overall small molecule production capacity can support the business development needs for the next few years. Against this backdrop, the Company is considering advancing the construction of the Taixing Project in phases to further improve the efficiency of the usage of Proceeds, reasonably control fixed assets expenditure with development as a priority, and continue to promote the rebalancing of the Company's overall profitability.

IV. Specific Scheme for the Proposed Change

The projects to be invested following the Proposed Change are as follows:

Project name	Total investment amount (RMB0'000)	Investment amount proposed to be funded by the Proceeds (before the Proposed Change) (RMB0'000)	Unused Proceeds (before the Proposed Change) (RMB0'000)	Investment amount proposed to be funded by the Proceeds (after the Proposed Change) (RMB0'000)	Expected date to be fully utilized*
	Taixing Project	230,938.65	100,000.00	5,153.57	60,000.00
R&D Center Project	30,000.00	–	–	20,000.00	on or before 30 June 2026
Formulation Pilot and Industrialization Project	11,000.00	–	–	10,000.00	on or before 30 June 2026
Continuous Reaction Technology Project	12,000.00	–	–	10,000.00	on or before 30 June 2025

Note:

The above expected timeline of full utilization is based on the Directors' best estimation and will be subject to adjustment based on the future development of market conditions.

V. Information on New Proceeds-funded Projects

After the Proposed Change, the Company intends to use RMB200 million of the remaining unused Proceeds for the R&D Center Project, RMB100 million for the Formulation Pilot and Industrialization Project and RMB100 million for the Continuous Reaction Technology Project.

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(I) The R&D Center Project

1. Basic information of the project and investment plan

- (1) Project name: the Pharmaceutical R&D Center Project of Asymchem Life Science (Jiangsu) Co., Ltd.
- (2) Project implementation entity: Asymchem Life Science (Jiangsu) Co., Ltd. (凱萊英生命科學技術(江蘇)有限公司)
- (3) Project implementation location: Suzhou Industrial Park, Jiangsu, China
- (4) Project construction period: 36 months
- (5) Project investment amount: RMB300.0 million, including approximately RMB284.74 million for fixed assets investment and approximately RMB15.26 million for initial working capital. The Company intends to use RMB200.0 million of the Proceeds to implement the project, with the remaining balance settled through self-financing of the Company
- (6) Project construction: The project involves the construction of a new office and research building, within which a small molecule drug R&D center and a bio-synthesis R&D center will be established for R&D experiments

2. Basic information of project implementation entity

Entity: Asymchem Life Science (Jiangsu) Co., Ltd. (凱萊英生命科學技術(江蘇)有限公司)

Legal representative: Fan Jinlin (范金林)

Registered capital: RMB100,000,000

Date of incorporation: 18 March 2021

Business scope: Approved items: import and export of drugs (items subject to approval by law, shall only be conducted after approval by the relevant departments, and the specific business projects are subject to the approval results); General items: medical research and experimental development; cellular technology R&D and application; optimization of the fermentation process technology R&D; R&D of industrial enzymes; technical services, technology development, technology consulting, technology exchanges, technology transfer, technology diffusion; science and technology promotion and application services; being engaged in scientific and technological training of for-profit private training institutions (except

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for carrying out academic subject and language cultural education training to primary and secondary school students); import and export of goods (except for items subject to approval by law, the enterprise can carry out business activities independently with a business license according to law)

Shareholder: It is wholly owned by Asymchem Laboratories (Tianjin) Co., Ltd.
Financial position:

Item	31 December	31 March
	2023	2024
	(RMB)	(RMB)
Total assets	130,187,627.65	168,700,378.83
Total liabilities	82,494,717.40	122,635,319.35
Net assets	47,692,910.25	46,065,059.48
Operating revenue	1,512,050.81	918,230.09
Net profit	(13,472,716.19)	(1,627,850.77)

(The financial information above has not been audited)

3. *Project feasibility analysis*

(1) Project background

The pharmaceutical industry has been expanding with the development of the world economy, growth of the total population and aging society. According to the analysis report from Frost & Sullivan, the global pharmaceutical market has grown steadily over the past five years, from US\$1,153 billion in 2016 to US\$1,298.8 billion in 2020, at a CAGR of 3.0%. This growth is expected to continue, with total revenues expected to reach US\$1,711.4 billion by 2025, or a CAGR of 5.7% from 2020.

As a technology leader in the CDMO industry, the Company, with its profound technical strength, is able to rapidly solve various complex technical problems and various technical bottlenecks in the development and production of small molecule drugs, bringing development efficiency and cost-effectiveness to customers. With the rapid development of the CDMO industry domestically and abroad, and the huge opportunity of the total amount of drugs and innovation demand, the Company urgently needs to continue to improve and expand the comprehensive service capacity of drug R&D and production.

Suzhou Industrial Park is a perfect place for innovative drug R&D and investment, and possesses unique advantages in location, industry and talents. The Group makes full use of the opportunity of globalization of the pharmaceutical industry development, and intends to build a drug R&D center

LETTER FROM THE BOARD

in Suzhou Industrial Park, which will comprehensively enhance and expand the R&D and production integrated service capacity while promoting the R&D and listing process of domestic and international innovative drugs. This will improve the technological innovation ability of China's pharmaceutical industry, enhance the competitiveness of the international market, and promote the sustainable and healthy development of China's pharmaceutical industry.

(2) Necessity analysis of project implementation

① The project is in line with national development plans and industrial policies

The Outline of the National Medium- and Long-Term Scientific and Technological Development Plan (《國家中長期科學和技術發展規劃綱要》) lists “8. Population and Health – (48) Prevention and control of cardiovascular and cerebrovascular diseases, tumors and other major non-communicable diseases” as a key area and priority topic;

The Outline of the National Innovation-driven Development Strategy (《國家創新驅動發展戰略綱要》) proposes in “IV. Strategic Tasks – (I) Promoting Innovation in the Industrial Technology System and Creating New Advantages for Development – 8. Developing Advanced, Effective, Safe and Convenient Health Technologies to Cope with the Challenges of Major Diseases and Population Ageing” that “cardiovascular and cerebrovascular diseases should be improved, malignant tumors, chronic respiratory diseases, diabetes and other major diseases;”

The Guidelines for the Development Plan of Pharmaceutical Industry (《醫藥工業發展規劃指南》) explicitly lists “R&D of new drugs for major diseases” as a key area of promotion for chemical drugs; additionally, it points out that “the level of R&D and formulation of antibody drugs, tumor immunotherapy drugs and other drugs should be improved”, so as to continuously promote the innovation and upgrading of the industry.

The construction of this project is aimed at the R&D of APIs and related products in the fields of anti-tumor, anti-hepatitis, antibiotics, cardiovascular and cerebrovascular, diabetes and psychiatric diseases, etc. The research direction and construction content of the project are in line with the relevant national industrial policies and development direction.

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- ② Years of technical accumulation provides a sound foundation for the implementation of this project, thus further promoting the coordinated development of the Company's various businesses

As a leading technology-driven CDMO company in the global industry, the Company provides excellent services and solutions for domestic and foreign pharmaceutical and biotechnology companies throughout the entire drug life cycle, from drug development to commercialization, to accelerate the clinical research and commercialization of innovative drugs. The Company has always been implementing various standards with high requirements, high standards and high quality, insisting on the implementation of international first-class standards of cGMP quality management system and Environment, health and safety (EHS) management system, continuously improving the production management and project management capabilities, establishing a marketing network covering the world's mainstream pharmaceutical companies, and has the ability to simultaneously undertake a number of heavy drug orders, and forming in-depth and embedded partnerships with international pharmaceutical giants and biotechnology companies. The Group has formed deep and embedded cooperative relationships with international pharmaceutical giants and biotechnology companies, and has become a partner in global drug R&D and production.

Leveraging on the technology accumulated over the years and the advantage of a sustainable evolutionary R&D platform, the Company has accumulated a wealth of advantageous resources in the industry by taking technological innovation as the core driving force, and by responding quickly to the diversified needs of customers, designing, developing, and producing the best pharmaceutical outsourcing service solutions that can be reasonably developed and achieve significant returns. The Company provides customized products and services in accordance with the highest regulatory standards in the international industry, helps more innovative drugs around the world to shorten the R&D cycle and accelerate the approval of marketing by virtue of excellent process development capabilities, relies on continuous process optimization capabilities to significantly reduce the cost of commercial production of marketed pharmaceuticals, provides continuous empowerment for innovative pharmaceutical companies to create a sustainable development model with low energy consumption, low emissions and high efficiency, and realizes differentiated operations while at the same time enjoying higher technical additional profit margins, leading the healthy development of the domestic and international pharmaceutical outsourcing industry, and maintaining the industry's leading standards.

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With the rapid development of CDMO industry domestically and abroad, and the huge opportunities of total drug volume and innovation demand, the Group urgently needs to follow the trend to further enhance and optimize the integrated comprehensive R&D service platform. This project will foster a synergy effect with other subsidiaries of the Group, which will be conducive to accelerating the R&D and marketing process of relevant drugs in the field of major disease treatment, enhancing the Group's international influence and promoting the healthy and sustainable development of the Group.

4. *Filing, environmental impact assessment and other relevant procedures for the project*

The Company received the project (change) filing certificate (project code: 2103- 320571-89-01-304599) from the Administrative Approval Bureau of Suzhou Industrial Park (蘇州工業園行政審批局) on 30 April 2024 and obtained the real estate ownership certificate No. Su (2022) Suzhou Industrial Park Real Estate No. 0000060 (蘇(2022)蘇州工業園區不動產權第0000060號) for the R&D Center Project. Other environmental impact assessment procedures are under way.

(II) *The Formulation Pilot and Industrialization Project*

1. *Basic information of the project and investment plan*

- (1) Project name: High-end Formulation Pilot and Industrialization Project of Tianjin Asymchem Biotechnology Co., Ltd.
- (2) Project implementation entity: Tianjin Asymchem Biotechnology Co., Ltd. (天津凱萊英生物科技有限公司)
- (3) Project implementation location: No. 6, Xinzhang Road, Western District of the Economic – Technological Development Area, Tianjin, China
- (4) Project construction period: 24 months
- (5) Project investment amount: RMB110.0 million, including approximately RMB107.8255 million for construction investment and approximately RMB2.2 million as initial working capital. The Company intends to use RMB100.0 million of the Proceeds to implement the project, with the difference settled through self-financing of the Company
- (6) Project construction content: The project involves the construction of a new three-story drug product workshop and auxiliary supporting engineering facilities; purchase of 30 sets of principal manufacturing equipment and devices and auxiliary engineering equipment

LETTER FROM THE BOARD

2. Basic information of project implementation entity

Entity: Tianjin Asymchem Biotechnology Co., Ltd. (天津凱萊英生物科技有限公司)

Legal representative: Zhang Na (張娜)

Registered capital: RMB1,000,000

Date of incorporation: 29 July 2013

Approved items: pharmaceutical production; entrusted manufacturing of pharmaceutical products. (Items subject to approval in accordance with the law shall only be conducted upon the approval by the relevant authorities, and the specific business projects are subject to the approval documents or permits of the relevant authorities) General items: medical research and experimental development; R&D of the fermentation process optimization technology; R&D of industrial enzyme formulation; synthetic materials manufacturing (excluding hazardous chemicals); technical services, technology development, technology consulting, technology exchanges, technology transfer and technology promotion; manufacturing of special chemical products (excluding hazardous chemicals); R&D of bio-based materials technology; engineering and technology research and experimental development. (Except for items subject to approval in accordance with the law, business activities shall be carried out independently under the business license in accordance with the law) (Not allowed to invest in the areas prohibited from foreign investment in the Negative List for Foreign Investment Access)

Shareholder: It is wholly owned by Asymchem Laboratories (Tianjin) Co., Ltd.

Financial position:

Item	31 December	31 March
	2023	2024
	(RMB)	(RMB)
Total assets	361,131,164.31	411,637,141.27
Total liabilities	162,384,264.12	212,971,175.48
Net assets	198,746,900.19	198,665,965.79
Operating revenue	14,414,587.82	8,746,525.13
Net profit	(16,272,791.40)	(80,934.41)

(The financial information for 2023 has been audited by Ernst & Young Hua Ming LLP, while the financial information as of 31 March 2024 has not been audited)

LETTER FROM THE BOARD

3. *Project feasibility analysis*

(1) Project background

The fundamental value of CDMO companies is to solve the contradiction between the growing high demand for new drugs and the gradually increasing R&D costs. Leveraging on the trend of refined and specialized division of labor in pharmaceutical R&D, CDMO companies are in a rapid development stage. In terms of industry indicators, R&D investment and outsourcing penetration rate of downstream customers are one of the key factors affecting the development of CDMO industry. Meanwhile, the global pharmaceutical market is experiencing growing demand due to a combination of factors such as growing medical and healthcare awareness, increasing per capita disposable income, and aging population. It is estimated in the report from Frost & Sullivan that the global pharmaceutical market will maintain a steady growth trend, and is expected to reach US\$1,718.8 billion in 2025 and US\$2,114.8 billion in 2030, at a CAGR of 4.2%. R&D investment in the global pharmaceutical industry will grow from US\$243.7 billion in 2022 to US\$328.8 billion in 2026, at a CAGR of approximately 7.8%. According to the statistics from Pharma Intelligence based on research data from 20 leading biopharmaceutical companies, the time it takes for a new drug to be approved from the start of a clinical trial increases from 6.9 years in 2021 to 7.09 years in 2022; and the average cost of developing a new drug (including the cost of failure) also increases from US\$1.986 billion in 2021 to US\$2.284 billion in 2022.

According to the disclosed operations for the year ended 2023 of the Company, revenue from the formulation CDMO business increased by 18.36% year-on-year, of which overseas revenue increased by 20.51% year-on-year, continuing the better growth trend. During the reporting period, 148 projects were successfully completed and 156 orders for formulation projects were in progress. With the Company continuing to increase the development of customers and the overseas market maintaining the growth trend, a double increase in business income and the number of projects has been achieved. The proposed new Proceeds-funded Formulation Pilot and Industrialization Project will leverage on the Company's existing R&D technology platform to further expand the production capacity and projects of high-end formulation rapidly, accelerate the R&D of high-end formulation and drug delivery technology, and address the last-mile delivery of drugs to patients.

LETTER FROM THE BOARD

(2) Necessity analysis of project implementation

① The implementation of the project is in line with the national industrial policies

As an important national policy of China to proactively respond to the new historical period and enhance the level of its manufacturing industry from big to strong, “Made in China 2025” (《中國製造2025》) lists biopharmaceuticals and high-performance medical devices as one of the ten key areas and proposes to develop new products of chemical drugs, traditional Chinese medicine and biotechnology drugs for major diseases. In various industrial plans including “14th Five- Year Plan for Medical Equipment Industry” (《“十四五”醫藥工業發展 規劃》) and “14th Five-Year Plan for National Drug Safety and High-Quality Development” (《“十四五”國家藥品安全及促進高質量發展規劃》), the manufacturing technology of high-end formulation have all been listed as a key area of development. In line with the national ideal of promoting the R&D capability and equipment level of enterprises and striving for deeper, larger and stronger, the Formulation Pilot and Industrialization Project is conducive to enhancing the momentum of the Company.

② The project will help accelerate the marketing of innovative drugs and improve the Company’s core competitiveness

Formulation technology plays an important part of new drug development, which can be used, according to the physicochemical properties of the API, to design and develop drugs closer to actual clinical needs. The innovation of high-end formulation technology can not only improve the safety, efficacy and compliance of known APIs and prolong the life cycle of products, but also enrich the ways of pharmaceutical formulation of new molecular entities, improve the R&D success rate of innovative drugs, and accelerate their marketing. The new Proceeds-funded Formulation Pilot and Industrialization Project will closely leverage on the existing mature technology and customer groups of Asymchem and significantly improve the efficiency of drug R&D. Meanwhile, since the relevant core technology is closely combined with the production process, the Company will be able to construct technical barriers which are conducive to maintaining its competitive advantage in the fierce competition landscape and enhancing its core competitiveness.

LETTER FROM THE BOARD

- ③ The implementation of the project will accelerate the level of R&D and production in the treatment of many major diseases in our country and drive the upgrading of the regional pharmaceutical industry

The project will be based on a number of leading technologies of the Company and continue to promote the transformation and application of relevant technologies in the formulation of innovative drugs in the treatment of many major diseases, to meet the national and regional needs for the prevention and treatment of major and multiple diseases. The project is conducive to accelerating the level of R&D and production in the treatment of many major diseases, therefore enhancing the R&D and manufacturing technology of innovative drugs in our country and driving the upgrading of the regional and national pharmaceutical industry.

4. *Economic benefit analysis of the project*

When the project is completed and put into operation, the after-tax static investment payback period (including the construction period) is expected to be 5.73 years with an after-tax internal rate of return of 17.94%. Therefore, the project offers good economic benefits. The aforementioned economic analysis is only based on the Company's calculations according to the current market conditions, and does not represent the Company's actual profit guarantee for the project. Investors of the Company are advised to be aware of such investment risks.

5. *Filing, environmental impact assessment and other relevant procedures for the project*

The Company received the project filing certificate (project code: 2403-120316-89-01-687765) from the Administrative Examination and Approval Bureau of Tianjin Economic and Technological Development Zone (Nangang Industrial Zone) (天津經濟技術開發區(南港工業區) 行政審批局) in March 2024 and obtained the real estate ownership certificate No. Jin (2024) Economic Development Zone Real Estate No. 0320171 (津(2004)開發區不動產權第0320171號) for the proposed new Proceeds-funded project. Other environmental impact assessment procedures are under way.

LETTER FROM THE BOARD

(III) The Continuous Reaction Technology Project

1. Basic information of the project and investment plan

- (1) Project name: Phase I Project of the Construction of Continuous Reaction Technology Service Platform of Asymchem Life Science (Tianjin) Co., Ltd.
- (2) Project implementation entity: Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司)
- (3) Project implementation location: Western District of the Economic – Technological Development Area, Tianjin, China
- (4) Project construction period: 12 months
- (5) Project investment amount: RMB120.0 million, including RMB108.55 million for construction investment and RMB11.45 million as initial working capital. The Company intends to use RMB100.0 million of the Proceeds to implement the project, with the difference settled through self-financing of the Company.
- (6) Project construction content: The project involves the construction of a new R&D and production workshop and auxiliary public and environmental engineering facilities; purchase of more than 600 sets of R&D and production auxiliary equipment.

2. Basic information of project implementation entity

Entity: Asymchem Life Science (Tianjin) Co., Ltd. (凱萊英生命科學技術(天津)有限公司)

Legal representative: Xiao Yi (肖毅)

Registered capital: RMB70,000,000

Date of incorporation: 30 December 2005

LETTER FROM THE BOARD

Business scope: General items: R&D of industrial enzyme formulation; technical services, technology development, technology consulting, technology exchanges, technology transfer and technology promotion; R&D of the fermentation process optimization technology; manufacturing of pharmaceutical special equipment; sales of pharmaceutical special equipment; manufacturing of special chemical products (excluding hazardous chemicals); sales of special chemical products (excluding hazardous chemicals); medical research and experimental development; general cargo warehouse services (excluding items subject to licensing like hazardous chemicals); non-residential real estate leasing; leasing of special equipment; sales of experimental analysis instrument; sales of pumps and vacuum equipment; sales of industrial automation control system equipment; sales of special equipment; sales of special ceramic products; (Except for items subject to approval in accordance with the law, business activities shall be carried out independently under the business license in accordance with the law). Approved items: pharmaceutical production; entrusted manufacturing of pharmaceutical products; manufacturing of special equipment; technology import and export; import and export of goods. (Items subject to approval in accordance with the law shall only be conducted upon the approval by the relevant authorities, and the specific business projects are subject to the approval documents or permits of the relevant authorities) (Not allowed to invest in the areas prohibited from foreign investment in the Negative List for Foreign Investment Access)

Shareholder: It is wholly owned by Asymchem Laboratories (Tianjin) Co., Ltd.

Financial position:

Item	31 December 2023	31 March 2024
Total assets	2,248,800,865.56	2,568,165,793.33
Total liabilities	1,313,401,932.51	1,646,116,173.64
Net assets	935,398,933.05	922,049,619.69
Operating revenue	1,732,721,749.10	331,504,891.15
Net profit	74,358,561.49	(22,199,546.29)

(The financial information for 2023 has been audited by Ernst & Young Hua Ming LLP, while the financial information as of 31 March 2024 has not been audited))

LETTER FROM THE BOARD

3. *Project feasibility analysis*

(1) Project background

In recent years, the construction of ecological civilization has been elevated to an important strategic status in the state, and promoting the development of green industry serves as an inevitable requirement for such construction. In the context of green and low-carbon development being encouraged in the state and leading the acceleration of green technology innovation and industrialization, continuous reaction technology, as a green manufacturing technology, shows irreplaceable advantages in safety, environmental protection, green, energy conservation, efficiency, cost saving and other aspects. Providing a new way of process for the global pharmaceutical industry to replace batch reactions with continuous reaction chemical synthetic methodologies, it is an important development direction for the future upgrading of chemical-pharmaceutical technology and will also bring revolutionary changes to the traditional pharmaceutical chemical industry.

As defined by the FDA, continuous reaction technology has been defined by the FDA as “one of the most important tools in the modernization of the pharmaceutical industry today”. In July 2021, the International Council for Harmonisation of Technical Requirements of Pharmaceuticals for Human Use (ICH) issued the Guideline on Continuous Manufacturing of Drug Substances and Drug Products (Draft for Comments) (《藥品及原料藥連續製造指南》(徵求意見稿)), which is intended to promote the improvement of technical and regulatory elements applicable to continuous manufacturing technology. The guideline provides guidance to the industry and regulatory authorities on the application of continuous manufacturing technology in drug substances and drug products, further lays an important foundation for its rapid, and accelerates its eco-revolution in the pharmaceutical industry.

It is estimated that more than 60 pharmaceutical companies around the world are now involved in continuous manufacturing production, with close to 80% of them utilizing the technology in the field of small-molecule chemicals drugs. In 2019 alone, nearly 400 related patents have been filed or granted in the U.S., many of which are from big pharmaceutical companies. The related market is expected to grow at a CAGR of more than 10% in the next decade. It is foreseeable that continuous manufacturing is bound to become the main consensus for the future development of the global biopharmaceutical field and accelerate the industry to move forward in a more efficient, safer and smarter direction.

LETTER FROM THE BOARD

The proposed new Proceeds-funded Continuous Reaction Technology Project will leverage on the Company's accumulation in the field of small-molecule CDMO and take advantage of its established and continuously-evolving R&D and production platform. It will further expand production capacity and projects rapidly and enhance the ability to complete multiple projects in parallel and of quick delivery.

(2) Necessity analysis of project implementation

① The project is in line with national development plan and the direction of industrial policies

The Implementation Program on Promoting the High-quality Development of the Active Pharmaceutical Ingredient Industry (《關於推動原料藥產業高質量發展的實施方案》) jointly issued by the National Development and Reform Commission (NDPC) and Ministry of Industry and Information Technology (MIIT) expressly proposes to promote the green and low-carbon industry transformation, strengthen the layout of prospective research, advance the green renovation of bulk APIs, continuously reduce energy consumption and emission levels per unit of product, enhance the recycling of by-products in the production of APIs, promote the renovation of the treatment of volatile organic compounds (VOCs), improve the comprehensive disposal level of solid wastes, high-salt wastewater and organic waste liquids, facilitate the promotion and application of advanced energy-saving equipment, accelerate the transformation and upgrading of high-energy-consumption process modules such as refrigeration and fermentation and achieve the energy cascade utilization.

“Made in China 2025 (《中國製造2025》)” lists biopharmaceuticals and high-performance medical devices as one of the ten key areas, proposing to fully implement green manufacturing, increase the R&D of advanced energy-saving and environment-friendly technologies, processes and equipment, accelerate the green transformation and upgrading of the manufacturing industry, actively implement decarbonization, recycling and intensification, improve the efficiency of resource utilization in the manufacturing industry; strengthen the green management of the entire life cycle of products, and strive to build a green manufacturing system that is highly efficient, clean, low-carbon and recycling.

LETTER FROM THE BOARD

② The project can help promote the healthy, green and low-carbon development of China's pharmaceutical industry

China is a great power of the pharmaceutical manufacturing industry. The continuous optimization of pharmaceutical processes will significantly drive the development of China's pharmaceutical industry. The complexity of pharmaceutical processes, high resources and energy consumption and serious environmental pollution in the existing traditional processes all restrict the rapid development of China's pharmaceutical industry.

The application of continuous reaction technology in the pharmaceutical industry has opened up a new way of drug production, which has not only reduced the pollution resulting from pharmaceutical production and protected the environment, but also to a certain extent promoted the progress and development of the pharmaceutical industry, enhanced its modernization, achieved a coordinated development of the pharmaceutical industry and the cause of environmental protection in achieve the coordinated development of the cause of the pharmaceutical industry, and moreover, served as an opportunity for China to transform itself from a pharmaceutical manufacturer of quantity to one of quality.

③ The construction of the project will help the Company to move forward high-end, green and intelligent sustainable development and enhance its international influence

The Company has been deeply engaged in the R&D and commercialization of green continuous reaction technology for more than ten years and has a significant first-mover advantage in its application. As early as in 2012, it realized the application of continuous reaction technology in ton-scale production. The related technology has been applied in the continuous commercialized production of key intermediates in many innovative drugs and APIs.

The construction of this project is conducive to giving full play to the technological advantages of the Company. It helps break through the technical barriers of inefficiency, high cost and high energy consumption of the traditional batch reactions and achieve the large-scale self-manufacturing, installation and production application of the continuous reaction equipment. Introducing the highly efficient automation control system and developing a continuous reaction demo production line suitable for the production of key drugs and pharmaceutical intermediates, also helps achieve efficient mixing and green chemistry and promotes the level of green API manufacturing ability of the Company and even our country. The construction is conducive to the transformation of green pharmaceutical technology from R&D to large-scale industrialized application and will empower the Company to move forward high-end, green and intelligent sustainable development with increasing international influence.

LETTER FROM THE BOARD

- ④ The construction of the project can help integrate the existing resources of the enterprise, save energy and costs.

In response to the national development policy and the guiding principle of energy saving and emission reduction, the implementation of this project in accordance with current laws and regulations will help to save energy, reduce consumption, and significantly lower the cost of the enterprise. In addition, this project will integrate its existing resources, achieve an optimal combination and upgrading of products, and further enhance its core competitiveness.

In summary, whether from the national policy, normative requirements or the development needs of the Company, the implementation of this project is of great significance to the sustainable production of products, the saving and reasonable allocation of resources, technological progress and advancement, the development and benefits of the Company, investment effect and public interest, etc. Therefore, the construction of the project is of great necessity.

4. Economic benefit analysis of the project

When the project is completed and put into operation, the after-tax static investment payback period (including the construction period) is expected to be 5.97 years with an after-tax internal rate of return of 19.73%. Therefore, the project offers good economic benefits. The aforementioned economic analysis is only based on the Company's calculations according to the current market conditions, and does not represent the Company's actual profit guarantee for the project. Investors of the Company are advised to be aware of such investment risks.

5. Filing, environmental impact assessment and other relevant procedures for the project

The Company received the project filing certificate (project code: 2308-120316-89-01-922787) from the Administrative Examination and Approval Bureau of Tianjin Economic and Technological Development Zone (Nangang Industrial Zone) (天津經濟技術開發區(南港工業區)行政審批局) in May 2024 and obtained the real estate ownership certificate No. Jin (2024) Economic Development Zone Real Estate No. 0300500 (津(2024)開發區不動產權第0300500號) for the proposed new Proceeds-funded project. Other environmental impact assessment procedures are under way.

LETTER FROM THE BOARD

VI. Impact of the Proposed Change on the Company

The purpose for the Proposed Change is to use the Proceeds more scientifically, prudently and effectively. This is a prudent decision made by the Company in response to changes in factors such as the market environment and the needs of the Company's business development. It is closely related to the Company's development strategy, helping the Company further improve its profitability, reduce financial risks and, on the premise of consolidating its existing advantages, further enhance the Company's core competitiveness. It meets the needs of the Company's long-term development and will not adversely affect the Company's manufacturing and operations or the interests of the Shareholders, especially the small and medium Shareholders. The Proposed Change is in line with the development strategy and long-term planning of the Company, and in line with the interests of the Company and all Shareholders.

VII. Opinions of Independent Non-executive Directors

The independent non-executive Directors are of the view that the Proposed Change is a prudent decision made by the Company based on the market environment and the needs of business development, which is in line with the needs of the Company's operation and development. It is conducive to improving the use efficiency of the Proceeds and will not prejudice the interests of Shareholders. The necessary decision-making procedures carried out comply with the Listing Rules of Shenzhen Stock Exchange, the Self-Regulatory Guidelines No. 1 (《自律監管指南第1號》), and other relevant laws, regulations and normative documents as well as the Articles of Association. The independent non-executive Directors agreed with the proposal and agreed to submit it to the general meeting for consideration.

VIII. Review Opinions of the Board of Supervisors of the Company

The board of supervisors of the Company is of the view that the Proposed Change is in line with further operation and development plans of the Company. It is conducive to improving the use efficiency of the Proceeds and in line with the interests of the Company and all Shareholders. Necessary legal procedures have been carried out for these adjustments, which are in line with the Listing Rules of Shenzhen Stock Exchange, the Self-Regulatory Guidelines No. 1 (《自律監管指南第1號》), and other relevant laws, regulations and normative documents as well as the Articles of Association, and the Management Measures for Proceeds. The board of supervisors of the Company agreed to the proposal and agreed to submit it to the general meeting for consideration.

IX. Opinions of the A Share Sponsor

Upon verification, the sponsor of the A Shares is of the view that the Proposed Change is in line with the development needs of the Company, and conducive to improving the use efficiency of the Proceeds. The Company has carried out necessary review procedures for the above proposals, which are in line with the Listing Rules of Shenzhen Stock Exchange, the Self-Regulatory Guidelines No. 1 (《自律監管指南第1號》), and other relevant laws, regulations. The sponsor of the A Shares agreed with the proposal.

The resolution has been considered and approved by the Board on 26 June 2024 and is hereby proposed at the EGM for consideration and approval.

LETTER FROM THE BOARD

PROPOSED REPURCHASE AND CANCELLATION OF PART OF RESTRICTED A SHARES GRANTED UNDER THE 2020 RESTRICTED A SHARE INCENTIVE SCHEME

On 15 March 2024, the Board considered and approved the “Proposal on the Repurchase and Cancellation of Part of the Restricted A Shares Initially Granted under the 2020 Restricted A Share Incentive Scheme”, pursuant to which a total of 420 restricted A Shares granted but not yet unlocked under the A Share Incentive Schemes held by one eligible participant who has resigned will be repurchased and cancelled (the “**Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme**”).

I. Information about the Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme

(I) Reasons for the Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme

As of the date of this circular, Gao Chaoyang (an eligible participant under the 2020 Restricted A Share Incentive Scheme) has resigned from the Company, and he is not a connected person of the Company as defined under the Listing Rules.

Pursuant to the relevant terms of the A Share Incentive Schemes, where an incentive recipient leaves the Company due to resignation or redundancy, the restricted A shares granted but not yet unlocked held by such incentive recipient pursuant to such schemes shall not be unlocked, but shall be repurchased and cancelled at the grant price by the Company.

(II) Number of Restricted A Shares to be Repurchased and Cancelled

The total number of restricted A Shares to be repurchased and cancelled is 420 restricted A Shares held by Gao Chaoyang under the initial grant of the 2020 Restricted A Share Incentive Scheme. Upon the completion of the Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme, the total number of eligible participants under the initial grant of the 2020 Restricted A Share Incentive Scheme would be adjusted from 195 to 194 while the total number of restricted A Shares initially granted would be adjusted from 1,305,780 to 1,305,360.

Upon completion of the Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme, the A Share capital of the Company would be adjusted from 341,918,273 A Shares to 341,917,853 A Shares.

LETTER FROM THE BOARD

(III) Repurchase Price and Pricing Basis

Pursuant to the relevant terms of the A Share Incentive Schemes, the repurchase price of 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 restricted A Shares for the initial grant under the 2020 Restricted A Share Incentive Scheme is adjusted to RMB80.46 per restricted A Share.

(IV) Source of Funds

All funds required for the Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme (i.e. RMB33,793.20) are derived from our internal funds.

II. Changes in the Company's Shareholding Structure

Class of Shares	Immediately before the Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme		Immediately after the Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme	
	Number of Shares issued	Percentage of shareholding	Number of Shares issued	Percentage of shareholding
A Shares	341,918,273	92.54%	341,917,853	92.54%
H Shares	27,553,260	7.46%	27,553,260	7.46%
Total number of Shares	369,471,533	100.00%	369,471,113	100.00%

III. Impact of the Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme on the Company

The Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme will not affect the continued implementation of A Share Incentive Schemes. The number of restricted A Shares of the Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme will be adjusted for annual expense amortization based on the fair value determined on the grant date. The Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme will not have any material impact on the Company's financial position and operating results, nor will it have any material impact on the Company's 2024 annual results. The Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme will not affect the Company's management team from discharging its duties diligently. The Company's management team will continue to perform its duties in an earnest manner and strive to create maximum value for Shareholders.

LETTER FROM THE BOARD

IV. Opinion of the Independent Non-executive Directors

The independent non-executive Directors are of the view that Gao Chaoyang has resigned due to personal reasons, and therefore no longer meets the conditions for incentive under the A Share Incentive Schemes. The Board's decision of repurchasing and cancellation of 420 restricted A Shares granted but not yet unlocked complies with the Administration Measures (《管理辦法》), the relevant terms of the A Share Incentive Schemes as well as relevant provisions of relevant laws and regulations. The reasons for and the repurchase number and price of the restricted A Shares are legal and effective and the repurchase has fulfilled the necessary procedures. The above matters will neither affect the continued implementation of A Share Incentive Schemes and the continued operation of the Company, nor will they impair the interests of the Company and the Shareholders as a whole.

V. Opinion of the Board of Supervisors of the Company

The board of supervisors of the Company is of the view that Gao Chaoyang has resigned due to personal reasons, and therefore no longer meets the conditions for incentive under the A Share Incentive Schemes. The Board's decision of repurchasing and cancellation of restricted A Shares granted but not yet unlocked complies with the relevant terms of the A Share Incentive Schemes as well as relevant provisions of relevant laws and regulations. The procedures performed are legal and effective.

VI. 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 Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme has obtained the necessary approvals and authorization at the current stage, and is in compliance with the PRC Company Law (《中國公司法》), PRC Securities Law (《中國證券法》), Administration Measures (《管理辦法》) and the relevant provisions of the A Share Incentive Schemes. The Company shall perform its information disclosure obligations in time in relation to the Repurchase and Cancellation under the 2020 Restricted A Share Incentive Scheme, and complete the deregistration procedures of the shares and perform the corresponding capital reduction procedures in accordance with the provisions of the PRC Company Law (《中國公司法》) and the Articles of Association.

The resolution has been considered and approved by the Board on 15 March 2024 and is hereby proposed at the EGM and the H Shares Class Meeting for consideration and approval.

LETTER FROM THE BOARD

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

On 21 June 2024, the Board 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 under the 2021 A Share Incentive Scheme**”).

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 under the 2021 A Share Incentive Scheme. 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 Administration Measures (《管理辦法》) issued by the CSRC 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.

LETTER FROM THE BOARD

II. Information About the Repurchase and Cancellation under the 2021 A Share Incentive Scheme

(I) 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.

(II) 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.

(III) Total Amount and Source of the Funds for Repurchase and Cancellation under the 2021 A Share Incentive Scheme

The total amount of the funds to be used for the Repurchase and Cancellation under the 2021 A Share Incentive Scheme 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 under the 2021 A Share Incentive Scheme		Immediately after the Repurchase and Cancellation under the 2021 A Share Incentive Scheme	
	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%

LETTER FROM THE BOARD

IV. Impact of the Proposed Termination on the Company

The Repurchase and Cancellation under the 2021 A Share Incentive Scheme 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 under the 2021 A Share Incentive Scheme 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 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

After careful review, the independent non-executive Directors 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 PRC Company Law (《中國公司法》), 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.

LETTER FROM THE BOARD

VI. Opinion of the Board of Supervisors of the Company

The board of supervisors of the Company is of the view that the Proposed Termination, and the Repurchase and Cancellation under the 2021 A Share Incentive Scheme 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 under the 2021 A Share Incentive Scheme 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 as a whole. The board of supervisors of the Company agrees with the Company's Proposed Termination, and the Repurchase and Cancellation under the 2021 A Share Incentive Scheme.

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 under the 2021 A Share Incentive Scheme 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 (《自律監管指南第1號》) 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 under the 2021 A Share Incentive Scheme 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.

The resolution has been considered and approved by the Board on 21 June 2024 and is hereby proposed at the EGM and the H Shares Class Meeting for consideration and approval.

LETTER FROM THE BOARD

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In view of the changes of the registered capital of the Company as a result of the repurchase and cancellation of restricted A Shares granted under the corresponding restricted A Share Incentive Schemes as mentioned in the above resolutions, the Board has proposed the following amendments to the Articles of Association:

Before the amendment	After the amendment
<p>Article 6 The registered capital of the Company is RMB369,471,533. The Company is a joint stock limited company with perpetual existence.</p>	<p>Article 6 The registered capital of the Company is RMB367,718,103. The Company is a joint stock limited company with perpetual existence.</p>
<p>Article 21 After the incorporation, the Company issued 22,863,500 domestic shares to domestic investors and other qualified investors for initial public offering upon approval of CSRC. After the abovementioned issuance, the total number of shares of the Company was 112,863,500, all being RMB ordinary shares.</p> <p>The Company issued 19,680,900 H shares to overseas investors for initial public offering upon approval of CSRC in 2021. After the abovementioned issuance, the total number of shares of the Company is 264,281,818, all being ordinary shares.</p> <p>The latest shareholding structure of the Company is as follows: 369,471,533 ordinary shares, including 341,918,273 shares of domestically listed domestic shares (A share), accounting for approximately 92.54% of the total share capital of the Company; 27,553,260 shares of overseas-listed foreign shares (H shares), accounting for approximately 7.46% of the total share capital of the Company.</p>	<p>Article 21 After the incorporation, the Company issued 22,863,500 domestic shares to domestic investors and other qualified investors for initial public offering upon approval of CSRC. After the abovementioned issuance, the total number of shares of the Company was 112,863,500, all being RMB ordinary shares.</p> <p>The Company issued 19,680,900 H shares to overseas investors for initial public offering upon approval of CSRC in 2021. After the abovementioned issuance, the total number of shares of the Company is 264,281,818, all being ordinary shares.</p> <p>The latest shareholding structure of the Company is as follows: 367,718,103 ordinary shares, including 340,164,843 shares of domestically listed domestic shares (A shares), accounting for approximately 92.51% of the total share capital of the Company; 27,553,260 shares of overseas-listed foreign shares (H shares), accounting for approximately 7.49% of the total share capital of the Company.</p>

LETTER FROM THE BOARD

Except for the proposed amendments mentioned above, other provisions of the Articles of Association remain unchanged. The proposed amendments to the Articles of Association are prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

The resolution has been considered and approved by the Board on 21 June 2024 and is hereby proposed at the EGM and the H Shares Class Meeting for consideration and approval.

EGM, H SHARES CLASS MEETING AND PROXY ARRANGEMENT

Notices convening the EGM and the H Shares Class Meeting are set out on pages 35 to 40 of this circular and published and be available for downloading on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.asymchem.com). The forms of proxy for use at the EGM and H Shares Class Meeting are enclosed with this circular.

To be valid, whether or not you are able to attend the EGM and the H Shares Class Meeting, the form of proxy must be completed and signed in accordance with the instructions printed thereon and deposited, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's H Shares Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not less than 24 hours before the time appointed for the EGM and the H Shares Class Meeting (i.e., not later than 2:00 p.m. on Thursday, 18 July 2024 (Hong Kong time)) or the adjourned meeting (as the case may be). Completion and delivery of the forms of proxy will not preclude you from attending and voting at the EGM and the H Shares Class Meeting if you so wish.

For the purpose of determining the H Shareholders entitled to attend and vote at the EGM and the H Shares Class Meeting, the register of members of the H Shares has been scheduled to close from Tuesday, 16 July 2024 to Friday, 19 July 2024 (both days inclusive), during which no transfer of H Shares will be registered. H Shareholders whose names appear on the register of members of the Company on Friday, 19 July 2024 shall be entitled to attend and vote at the EGM and the H Shares Class Meeting.

In order to be eligible to attend and vote at the EGM and the H Shares Class Meeting, H Shareholders whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant share certificates to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H shares) for registration no later than 4:30 p.m. on Monday, 15 July 2024.

In accordance with the Listing Rules, any vote of Shareholders at the EGM and the H Shares Class Meeting will be taken by poll.

LETTER FROM THE BOARD

GENERAL

To the best of the Director's knowledge, information, and belief, and according to applicable PRC and Hong Kong law, regulations, and regulatory requirements, none of the Shareholders are required to abstain from voting at the EGM and the H Shares Class Meeting.

RESPONSIBILITY STATEMENT

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

RECOMMENDATION

The Board (including the independent non-executive Directors) considers that all resolutions set out in the notices of the EGM and the H Shares Class Meeting for consideration and approval by Shareholders are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions in relation to the above matters to be proposed at the EGM and the H Shares Class Meeting.

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

NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING OF 2024

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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)

NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING OF 2024

NOTICE IS HEREBY GIVEN THAT the third extraordinary general meeting of 2024 (the “**EGM**”) of Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司) (the “**Company**”) will be held at 2:00 p.m. on Friday, 19 July 2024 at No. 71, 7th Street, Economic – Technological Development Area, Tianjin, PRC for the following purposes of considering and, if deemed appropriate, approving the following resolutions.

ORDINARY RESOLUTION

To consider and, if thought fit, to pass the following as ordinary resolution:

1. The proposed change and delay in part of Proceeds-funded projects, and establishment of new Proceeds-funded projects; and

SPECIAL RESOLUTIONS

To consider and, if thought fit, to pass the following as special resolutions:

2. The proposed repurchase and cancellation of part of restricted A Shares granted under the 2020 Restricted A Share Incentive Scheme;
3. The 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; and
4. The proposed amendments to the Articles of Association.

NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING OF 2024

CLOSURE OF REGISTER OF MEMBERS

H Shareholders who intend to attend the EGM are required to deposit the share certificates accompanied by relevant transfer documents at the Company's H Shares Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 15 July 2024. H Shareholders whose names appear on the register of members of the Company on Friday, 19 July 2024 shall be entitled to attend and vote at the EGM. The register of members of the Company will be closed from Tuesday, 16 July 2024 to Friday, 19 July 2024 (both days inclusive), during which period no transfer of H Shares will be registered.

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

Tianjin, PRC, 28 June 2024

As of the date of this notice, the Board comprises Dr. Hao Hong as the Chairperson of the Board 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.

NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING OF 2024

Notes:

- (1) Unless the context otherwise stated, capitalized terms used in this notice shall have the meanings as those defined in the circular of the Company dated 28 June 2024.
- (2) All votes of resolutions at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.asymchem.com) in accordance with the Listing Rules.
- (3) Any shareholders entitled to attend and vote at the EGM can appoint one or more proxies to attend and vote at the EGM on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and type of shares in respect of which each proxy is so appointed.
- (4) Shareholders shall appoint their proxies in writing. The form of proxy shall be signed by the shareholder or his/her/its attorney who has been authorized in writing. If the shareholder is a corporation, the form of proxy shall be affixed with the corporation’s seal or signed by its director, or its attorney duly authorized in writing. If the form of proxy is signed by the attorney of the shareholder, the power of attorney or other authorization document shall be notarized. For H Shareholders, the aforementioned documents must be lodged with the H Shares Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for holding the EGM (i.e. 2:00 p.m. on Thursday, 18 July 2024 (Hong Kong time)) or any adjournment thereof in order for such documents to be valid. Completion and delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (5) Shareholders shall produce their identification documents when attending the EGM.
- (6) If a proxy attends the EGM on behalf of a shareholder, he/she should produce his/her identification document and the power of attorney or other documents signed by the appointer or his/her attorney, which specifies the date of its issuance. If a representative of a corporate shareholder attends the EGM, such representative shall produce his/her identification document and the notarized copy of the resolution passed by the Board or other authority or other notarized copy of any authorization documents issued by such corporate shareholder.
- (7) EGM is expected to last for half a day. Shareholders who attend the EGM (in person or by proxy) shall bear their own traveling, accommodation, and other expenses.
- (8) The contact information of the Company is set out below:

Address:	Board of Directors Office Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司) No. 71, 7th Street Economic – Technological Development Area Tianjin, PRC
Postal Code:	300457
Tel:	(86) 022-66389560
Contact Person:	Mr. Xu Xiangke
Email:	securities@asymchem.com.cn
- (9) The details about the aforesaid resolutions proposed at the EGM are set out in the circular of the Company dated 28 June 2024.

NOTICE OF THE FOURTH H SHARES CLASS MEETING OF 2024

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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)

NOTICE OF THE FOURTH H SHARES CLASS MEETING OF 2024

NOTICE IS HEREBY GIVEN THAT the fourth H shares class meeting of 2024 (the “**H Shares Class Meeting**”) of Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司) (the “**Company**”) will be held on Friday, 19 July 2024 at No. 71, 7th Street, Economic – Technological Development Area, Tianjin, PRC after the conclusion of the EGM and the A Shares Class Meeting and any adjournments thereof, for the following purposes of considering and, if deemed appropriate, approving the following resolutions.

SPECIAL RESOLUTIONS

To consider and, if thought fit, to pass the following as special resolutions:

1. The proposed repurchase and cancellation of part of restricted A Shares granted under the 2020 Restricted A Share Incentive Scheme;
2. The 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; and
3. The proposed amendments to the Articles of Association.

NOTICE OF THE FOURTH H SHARES CLASS MEETING OF 2024

CLOSURE OF REGISTER OF MEMBERS

H Shareholders who intend to attend the H Shares Class Meeting are required to deposit the share certificates accompanied by relevant transfer documents at the Company's H Shares Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 15 July 2024. H Shareholders whose names appear on the register of members of the Company on Friday, 19 July 2024 shall be entitled to attend and vote at the H Shares Class Meeting. The register of members of the Company will be closed from Tuesday, 16 July 2024 to Friday, 19 July 2024 (both days inclusive), during which period no transfer of H Shares will be registered.

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

Tianjin, PRC, 28 June 2024

As of the date of this notice, the Board comprises Dr. Hao Hong as the Chairperson of the Board 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.

NOTICE OF THE FOURTH H SHARES CLASS MEETING OF 2024

Notes:

- (1) Unless the context otherwise stated, capitalized terms used in this notice shall have the meanings as those defined in the circular of the Company dated 28 June 2024.
- (2) All votes of resolutions at the H Shares Class Meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.asymchem.com) in accordance with the Listing Rules.
- (3) Any shareholders entitled to attend and vote at the H Shares Class Meeting can appoint one or more proxies to attend and vote at the H Shares Class Meeting on his/her behalf. A proxy need not be a shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and type of shares in respect of which each proxy is so appointed.
- (4) Shareholders shall appoint their proxies in writing. The form of proxy shall be signed by the shareholder or his/her/its attorney who has been authorized in writing. If the shareholder is a corporation, the form of proxy shall be affixed with the corporation’s seal or signed by its director, or its attorney duly authorized in writing. If the form of proxy is signed by the attorney of the shareholder, the power of attorney or other authorization document shall be notarized. For H Shareholders, the aforementioned documents must be lodged with the H Shares Registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for holding the H Shares Class Meeting (i.e. 2:00 p.m. on Thursday, 18 July 2024 (Hong Kong time)) or any adjournment thereof in order for such documents to be valid. Completion and delivery of the form of proxy shall not preclude a shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument appointing a proxy shall be deemed to be revoked.
- (5) Shareholders shall produce their identification documents when attending the H Shares Class Meeting.
- (6) If a proxy attends the H Shares Class Meeting on behalf of a shareholder, he/she should produce his/her identification document and the power of attorney or other documents signed by the appointer or his/her attorney, which specifies the date of its issuance. If a representative of a corporate shareholder attends the H Shares Class Meeting, such representative shall produce his/her identification document and the notarized copy of the resolution passed by the Board or other authority or other notarized copy of any authorization documents issued by such corporate shareholder.
- (7) H Shares Class Meeting is expected to last for half a day. Shareholders who attend the H Shares Class Meeting (in person or by proxy) shall bear their own traveling, accommodation, and other expenses.
- (8) The contact information of the Company is set out below:

Address: Board of Directors Office
Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司)
No. 71, 7th Street
Economic – Technological Development Area
Tianjin, PRC

Postal Code: 300457

Tel: (86) 022-66389560

Contact Person: Mr. Xu Xiangke

Email: securities@asymchem.com.cn
- (9) The details about the aforesaid resolutions proposed at the H Shares Class Meeting are set out in the circular of the Company dated 28 June 2024.