THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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 licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Changmao Biochemical Engineering Company Limited***, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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常茂生物化學工程股份有限公司

Changmao Biochemical Engineering Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 954)

MAJOR TRANSACTION
RELATING TO
SALE AND LEASEBACK ARRANGEMENT

A letter from the Board is set out on pages 3 to 9 of this circular.

Capitalised terms used on this cover page should have the same meanings as those defined in the section headed "DEFINITIONS" in this circular.

The Sale and Leaseback Agreements and the transaction contemplated thereunder have been approved by written shareholder's approval obtained from a closely allied group of Shareholders pursuant to Rule 14.44 of the Listing Rules in lieu of holding a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

This circular will be published on the Stock Exchange's website at www.hkexnews.hk and on the Company's website at www.cmbec.com.hk.

* *For identification purpose only*

12 August 2025

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In this circular, unless the context requires otherwise, the following expressions have the meanings as set out below:

"Board"	the board of the Directors
"Changmao Dalian"	常茂(大連)新材料有限公司 (Changmao (Dalian) New Material Company Limited*), a wholly-owned subsidiary of the Company
"Company"	常茂生物化學工程股份有限公司 (Changmao Biochemical Engineering Company Limited*), a joint stock limited company incorporated in the PRC with the H Shares currently listed on the Main Board of the Stock Exchange (Stock Code: 954)
"connected person(s)"	has the meaning ascribed to that term under the Listing Rules
"Director(s)"	director(s) of the Company
"Group"	the Company and its subsidiaries
"Latest Practicable Date"	8 August 2025, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Leased Assets"	certain assets of the maleic anhydride production lines, which were sold by Changmao Dalian to the Lessor and leased back to Changmao Dalian pursuant to the Sale and Leaseback Agreements
"Lessor"	常州信輝融資租賃有限公司 (Changzhou Xinhui Financial Leasing Co., Ltd.*)
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"Sale and Leaseback Agreements"	the finance lease agreement, the ownership transfer agreement, the moveable property mortgage agreement and the guarantee agreement dated 30 June 2025 entered into between Changmao Dalian and the Lessor in respect of the purchase of the Leased Assets by the Lessor and leaseback of the Leased Assets by Changmao Dalian
"Sale and Leaseback Arrangement"	the sale of the Leased Assets to the Lessor and the leaseback of the Leased Assets by Changmao Dalian pursuant to the Sale and Leaseback Agreements

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"SFO"	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"Share(s)"	share(s) of the Company
"Shareholder(s)"	shareholder(s) of the Company
"Supervisor(s)"	supervisor(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"%"	per cent.

常茂生物化學工程股份有限公司
Changmao Biochemical Engineering Company Limited*
(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 954)

Executive Directors:
Mr. Rui Xin Sheng *(Chairman)*
Mr. Pan Chun
Ms. Rui Xiao Qian

Non-executive Directors:
Mr. Yu Xiao Ping
Ms. Leng Yi Xin
Mr. Lin Ze Yu

Independent Non-executive Directors:
Ms. Cheng Mun Wah
Mr. Zhou Zhi Wei
Mr. Shu Rong Xin

Head office and legal address:
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Jiangsu Province, 213034
The PRC

Principal place of business in Hong Kong:
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New Henry House
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Central
Hong Kong

12 August 2025

To the Shareholders

Dear Sir/Madam

MAJOR TRANSACTION RELATING TO SALE AND LEASEBACK ARRANGEMENT

INTRODUCTION

On 30 June 2025 (after trading hours), the Company announced that Changmao Dalian and the Lessor entered into the Sale and Leaseback Agreements, pursuant to which Changmao Dalian agreed to transfer the Leased Assets to the Lessor at a total consideration of approximately RMB50,000,000 and Changmao Dalian agreed to lease back the Leased Assets for a period of 48 months at a total rent of approximately RMB57,531,114.

The purpose of this circular is to provide you with further details of the Sale and Leaseback Agreements and the transaction contemplated thereunder.

* *For identification purpose only*

THE SALE AND LEASEBACK AGREEMENTS

A summary of the principal terms of the Sale and Leaseback Agreements is set out as follows:

Date:	30 June 2025
Parties:	(i) 常茂(大連)新材料有限公司(Changmao (Dalian) New Material Company Limited*), a wholly-owned subsidiary of the Company (as the lessee); and (ii) 常州信輝融資租賃有限公司 (Changzhou Xinhui Financial Leasing Co., Ltd.*) (as the lessor)
Sale price and payment terms:	The total sale price is RMB50,000,000. The sale price shall be paid by the Lessor in one lump-sum within 3 business days upon fulfillment of the following conditions: 1. The Lessor has received the relevant credentials (copies) such as the valuation report of the leased equipment, the registration certificate or the property transfer certificate that can be used to prove that Changmao Dalian has full ownership; 2. The relevant registrations such as mortgage and pledge have been completed (if any); and 3. The Leased Assets that needs to be insured has been insured, and the Lessor has received the relevant insurance effectiveness certificate. The Lessor has the right to waive any of the aforementioned payment prerequisites depending on the circumstances. As at the Latest Practicable Date, the payment prerequisite 1 and 3 have been satisfied.
Leased Assets:	The machinery and equipment of Changmao Dalian's maleic anhydride production lines, the original costs and the carrying value of which as at 31 May 2025 was approximately RMB151 million and RMB143 million respectively. As at 31 May 2025, the carrying value of the Leased Assets excluding the non-relevant costs (such as installation and commissioning costs, anti-corrosion and thermal insulation material supporting facilities costs, initial costs, capital costs and other related costs) not considered by the independent valuer was RMB91.52 million, as compared to the valuation of RMB75.46 million based on the valuation prepared by the independent valuer.

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	The transactions contemplated under the Sale and Leaseback Agreements in substance and in terms of accounting treatment are in effect largely similar to borrowing a secured loan where the Leased Assets is in substance a security for the finance lease. Based on the valuation of the Leased Assets amounting to approximately RMB75.46 million, the Lessor was willing to provide a loan of RMB50 million to the Group.
Leased terms:	48 months
Total rent:	The total rent is RMB57,531,114, including the principal of RMB50,000,000 and the interest of RMB7,531,114, which was determined after arm's length negotiations with reference to the prevailing market interest rates and trading terms of similar sales and leaseback arrangements. The implied interest rate for the Sale and Leaseback Arrangement is approximately 6.3% per annum. The total rent shall be paid by Changmao Dalian pursuant to the lease payment schedule as set out in the Sale and Leaseback Agreements in 16 quarterly installments during the lease term.
Guarantee:	The Company provided guarantee for the liabilities of Changmao Dalian to perform its obligations under the Sale and Leaseback Agreements.
Ownership of the Leased Assets:	The ownership of the Leased Assets shall be transferred to the Lessor upon its payment of the sale price. Upon the expiry of the lease term, provided that there are no continuing events of default, and subject to receipt of all lease payments and other receivables under the Sale and Leaseback Agreements, the Lessor will transfer the ownership of the Leased Assets on an "as-is" basis back to Changmao Dalian with no consideration.
Early repayment:	Within 12 months from the commencement date, Changmao Dalian shall not terminate the lease of the Leased Assets, and shall not request to change the Sale and Leaseback Agreements for any reason. Afterwards, if Changmao Dalian requests to early terminate the Sale and Leaseback Agreements, it shall notify the Lessor in writing one month in advance and obtain the Lessor's written consent, and shall pay 100% of all outstanding rent to the Lessor.
Termination:	If the conditions for the effectiveness of the Sale and Leaseback Agreements are not fully met or waived upon two months after the Sale and Leaseback Agreements are signed, the Lessor shall have the right to decide whether to terminate the Sale and Leaseback Agreements.

REASONS FOR AND BENEFITS AND INTENDED USE OF PROCEEDS OF THE SALE AND LEASEBACK ARRANGEMENT

The Group is principally engaged in the production and sales of organic acid products.

By entering into the Sale and Leaseback Agreements, the Group would gain access to financial resources to fund the partial repayment of Changmao Dalian's project loans (the "**Project Loans**") and provide additional working capital while the Group's operation would not be adversely affected by the sale of the Leased Assets because such assets are immediately leased back to the Group. There is no transfer of possession or use of the assets to the Lessor under the Sale and Leaseback Agreements. According to the Hong Kong Financial Reporting Standards, the transactions contemplated under the Sales and Leaseback Agreements do not constitute a disposal of assets and will not give rise to any gain or loss to be recorded in the Group's income statement. Upon expiry of the lease term, the Lessor will transfer the Leased Assets back to the Group with no consideration. Therefore, in substance and in terms of accounting treatment, the transactions contemplated under the Sales and Leaseback Agreements are in effect largely similar to borrowing a secured loan where the Leased Assets is in substance a security for the finance lease.

The Group intends to use part of the proceeds from the Sale and Leaseback Arrangements of about RMB38 million for repayment of Changmao Dalian's bank borrowings and the remaining balance of RMB12 million as general working capital of Changmao Dalian for purchasing of raw materials.

The Project Loans were for the financing of the construction of the production plant of the Group in Dalian. As at 30 June 2025, the carrying value of the Project Loans was approximately RMB245 million.

Prior to entering into the Sale and Leaseback Agreements, the Group has approached several finance lease companies that provide similar sale and leaseback arrangement. Only two of these finance lease companies had indicated the interest rates for similar sale and leaseback arrangement which were comparable to that offered by the Lessor. Except for the Lessor, none of them made a firmed commitment to provide the financing to the Group prior to the date of the Sale and Leaseback Agreements.

The Directors are of the view that the terms of the Sale and Leaseback Agreements are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION OF THE COMPANY AND CHANGMAO DALIAN

The Company is a joint stock limited company incorporated in the PRC and is principally engaged in the production and sales of organic acid products.

Changmao Dalian, a wholly-owned subsidiary of the Company, is a limited liability company incorporated in the PRC and is principally engaged in the production of and sales organic acid products.

INFORMATION OF THE LESSOR

As far as the Company is aware and after making reasonable enquiries, the Lessor is incorporated in China and engages in financial leasing business and leasing transaction consulting services. Based on the information published on the PRC government website, the ultimate beneficial owners of the Lessor are 常州市人民政府 (Changzhou Municipal People's Government) (90% shareholding) and 江蘇省財政廳 (Jiangsu Provincial Department of Finance) (10% shareholding).

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are third parties independent of the Company and its connected persons as at the Latest Practicable Date.

FINANCIAL EFFECTS OF THE SALE AND LEASEBACK ARRANGEMENT

Upon completion of the transactions contemplated under the Sale and Leaseback Agreements, it is expected that (i) the total assets of the Group will increase by RMB50,000,000 to reflect the cash to be received from the sale proceeds and there will be no financial impact on the non-current assets of the Group, and (ii) the total liabilities of the Group will increase by RMB50,000,000 to reflect the lease liability of the Group under the Sale and Leaseback Arrangement. The lease interest and other relevant costs will be charged to the consolidated statement of comprehensive income of the Group over the lease period. However, as the Group intends to use part of the proceeds from the Sale and Leaseback Arrangement to repay the Project Loans, when the Group does so, the total assets and the total liabilities of the Group will be reduced accordingly.

As at 31 May 2025, the carrying value of the Leased Assets excluding the installation and commissioning costs, anti-corrosion and thermal insulation material supporting facilities costs, initial costs, capital costs and other related costs was RMB91.52 million, as compared to the valuation of RMB75.46 million based on the valuation prepared by an independent valuer. According to the Hong Kong Financial Reporting Standards, the transactions contemplated under the Sales and Leaseback Agreements do not constitute a disposal of assets nor a revaluation of assets, as such, the difference between the carrying value and the valuation of the Leased Assets will not be recorded as a deficit in the Group's consolidated statement of comprehensive income.

Save as disclosed above, the Sale and Leaseback Arrangement is not expected to have any material impact on the assets and liabilities and the earnings of the Group. The final financial impact on the Group will be subject to the audit to be performed by the auditors of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As some of the applicable percentage ratios calculated in accordance with Rule 14.07 of the Listing Rules in respect of the Sale and Leaseback Arrangement is more than 25% but less than 75%, the Sale and Leaseback Arrangement constitutes a major transaction for the Company, and is therefore subject to the reporting, announcement, circular and Shareholders' approval requirements under the Listing Rules.

As no Shareholder has a material interest in the Sale and Leaseback Agreements and the transactions contemplated thereunder, none of the Shareholders is required to abstain from voting if the Company were to convene a general meeting for the approval of the Sale and Leaseback Agreements and the transactions contemplated thereunder. A written Shareholders' approval (from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting) may be accepted in lieu of holding a general meeting pursuant to Rule 14.44 of the Listing Rules. The Company has obtained a written Shareholders' approval from a closely allied group of Shareholders, holding in an aggregate 271,000,000 Shares, representing approximately 51.16% of the entire issued share capital of the Company as at the Latest Practicable Date, for the Sale and Leaseback Agreements and the transactions contemplated thereunder. Accordingly, the written approval from a closely allied group of Shareholders will be accepted in lieu of holding a general meeting of the Company for the approval of the Sale and Leaseback Agreements and the transactions contemplated thereunder.

The closely allied group of Shareholders comprises the following Shareholders:

(1) Hong Kong Xinsheng Pioneer Investment Company Limited ("**HK Xinsheng**"), which holds 135,000,000 Shares (representing approximately 25.49% of the entire issued capital of the Company as at the Latest Practicable Date). Mr. Rui Xin Sheng (Director) and Ms. Leng Yi Xin (spouse of Mr. Rui Xin Sheng and Director) together hold approximately 82.59% of the share capital of HK Xinsheng.

(2) Hong Kong Bio-chemical Advanced Technology Investment Company Limited ("**HK Bio**"), which holds 67,500,000 Shares (representing approximately 12.74% of the entire issued capital of the Company as at the Latest Practicable Date). Approximately 59.26% of the share capital of HK Bio is held by the existing or former Directors or employees of the Company.

(3) Jomo Limited, which holds 66,000,000 Shares (representing approximately 12.46% of the entire issued capital of the Company as at the Latest Practicable Date). Mr. Yu Xiao Ping (Director) and his spouse together hold 100% of the share capital of Jomo Limited.

(4) 常州新生生化科技開發有限公司 (Changzhou Xinsheng Biochemical Technology Development Co., Ltd.*) ("**Changzhou Xinsheng**"), which holds 2,500,000 Shares (representing approximately 0.47% of the entire issued capital of the Company as at the Latest Practicable Date). Mr. Rui Xin Sheng (Director) and Ms. Leng Yi Xin (spouse of Mr. Rui Xin Sheng and Director) together hold 100% of the share capital of Changzhou Xinsheng.

The closely allied group of Shareholders were the promotors of the Company's reorganisation in June 2001. In relation to the Sale and Leaseback Agreements and the transactions contemplated thereunder, the interests of these closely allied group of Shareholders are no different from those of other Shareholders.

* *For identification purpose only*

RECOMMENDATION

The Directors are of the view that the terms of the Sale and Leaseback Agreements and the transaction contemplated thereunder are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Although a general meeting will not be convened by the Company to approve the Sale and Leaseback Agreements and the transaction contemplated thereunder, if such a general meeting were to be convened by the Company, the Board would recommend the Shareholders to vote in favour of the resolution to approve the Sale and Leaseback Agreements and the transaction contemplated thereunder.

ADDITIONAL INFORMATION

Your attention is drawn to the information set out in the appendices to this circular.

By order of the Board
Changmao Biochemical Engineering Company Limited*
Rui Xin Sheng
Chairman

* *For identification purpose only*

1. FINANCIAL INFORMATION OF THE GROUP

Details of the financial information of the Group for each of the three years ended 31 December 2022, 2023 and 2024 are disclosed in the annual reports of the Company for the three years ended 31 December 2022, 2023 and 2024 respectively. Together with the relevant notes thereto are disclosed in the following documents which have been published and are available on the website of the Stock Exchange (www.hkex.com.hk). The audited consolidated financial statements of the Group for the years ended 31 December 2022, 2023 and 2024, together with the accompanying notes to the financial statements, can be found on 68 to 143 of the annual report of the Company for the year ended 31 December 2022, pages 68 to 135 of the annual report of the Company for the year ended 31 December 2023 and pages 68 to 139 of the annual report of the Company for the year ended 31 December 2024, respectively. Please see below the hyperlinks of the said annual reports:

https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0413/2023041300712.pdf
https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0419/2024041900787.pdf
https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0423/2025042300527.pdf

2. INDEBTEDNESS STATEMENT

At the close of business on 30 June 2025, being the latest practicable date for the purpose of this indebtedness statement, the Group had the following outstanding indebtedness:

	RMB'000
Bank borrowings (unguaranteed and unsecured)	279,341
Bank borrowings (secured by the Group's land use rights in Dalian and property, plant and equipment of Changmao Dalian and guaranteed by the Company)	245,020
Loans from shareholders (unguaranteed and unsecured)	10,500
Lease liabilities (unguaranteed and secured)	839
Total	535,700

Save as disclosed above and apart from intra-group liabilities, the Group did not have any outstanding debt securities issued and outstanding or authorised or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits, hire purchase commitments, mortgages and charges, material contingent liabilities and guarantees outstanding at the close of business on 30 June 2025.

3. WORKING CAPITAL SUFFICIENCY

As reported in the annual report of the Group for the financial year ended 31 December 2024, the Group incurred a net loss of RMB68,251,000 and a net cash outflow from operation of RMB32,317,000 for the year ended 31 December 2024 and as at 31 December 2024, the Group had net current liabilities of RMB305,758,000 and the total bank borrowings of RMB524,540,000, of which RMB514,740,000 were current bank borrowings, while the Group's cash and bank balances amounted to RMB57,963,000. Furthermore, one of the Group's subsidiaries did not meet the requirement of one of the financial covenants with respect to two project loans (the "**Project Loans**") regarding the subsidiary's debt-to-assets ratio. The Project Loans were amounted to RMB282,634,000 as at 31 December 2024. As a consequence, the Project Loans became immediately repayable on request by the banks. In the independent auditor's report, it was stated that these conditions, along with other events, indicated that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. However, the audit opinion was not modified in respect of this matter.

Considering the financial performance and position of the Group including but not limited to the loss making and net current liabilities positions of the Group (as well as the relevant outstanding indebtedness as stated in the "Indebtedness Statement" in Appendix I to the Circular) in the first half of 2025 and the Project Loans did not meet the relevant requirement of the financial covenants and as a consequence, the Project Loans were still considered immediately repayable on request by the banks, and after taking into account the financial resources available to the Group, including (i) the internally generated funds, (ii) the presently available credit facilities; (iii) the financial effects of the Sale and Leaseback Agreements and the transactions contemplated thereunder; and assuming that (a) all borrowings will be refinanced successfully upon expiry; (b) all bank borrowings were able to continuously meet the financial covenants requirements (if any) (saved as above); and (c) despite not meeting the relevant financial covenant of the Project Loans as mentioned above, no early repayment or default payment will be demanded by any banks on any borrowings of the Group, the Directors, after due and careful enquiry, are of the opinion that the Group will have sufficient working capital for its present requirements for at least the next 12 months from the date of this circular, in the absence of unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2024 (being the date to which the latest published audited consolidated financial statements of the Group were made up) up to and including the Latest Practicable Date.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The Group is principally engaged in production and sales of organic acid products. There is no change in the Group's principal activities since 31 December 2024, being the date on which the latest published audited consolidated financial statements of the Group were made up, and there is not expected to be any change to the Group's principal business as a result of completion of the Sale and Leaseback Arrangement.

Currently, the Group's production base is mainly in Changzhou and Dalian. The Group's Changzhou plant is profitable. However, the Group's Dalian Plant is loss making due to intense market competition as a result of the oversupply of maleic anhydride, the major product of Changmao Dalian's phase I production line, in the market in recent years. As a result, the sales of maleic anhydride products of the first phase of the Changmao Dalian were affected, resulting in its losses in 2024. Therefore, the Group has speeded up the construction of the production lines of the Changmao Dalian's new products, special acid anhydride, (including tetrahydrophthalic anhydride, hexahydrophthalic anhydride, methyl hexahydrophthalic anhydride and succinic anhydride, etc.), which generally have a higher gross profit margin. Changmao Dalian's new products have been successfully tested and verified by many companies, laying the foundation for the future sales increase of new products.

Looking forward, the Group will continue to improve the competitiveness of existing products based on the production of food additives, and actively explore new market categories and new application areas. It will give full play to its own research and development and manufacturing advantages, develop new high-tech products, exchange better services and products for higher profits, and stabilise the revenue under the condition of declining product unit prices.

1. 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 purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. INTERESTS AND SHORT POSITIONS OF THE DIRECTORS, SUPERVISORS OR CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests (including interests in shares and short positions) of the Directors, the Supervisors or chief executives of the Company in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company or any other associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to: (a) Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them is taken or deemed to have taken under such provisions of the SFO); or (b) Section 352 of the SFO to be entered in the register referred to in that section; or (c) Appendix C3 of the Listing Rules relating to securities transactions by Directors; or (d) the Hong Kong Companies Ordinance (Cap. 622), to be notified to the Company and the Stock Exchange, were as follows:

Long positions in Shares:

	Capacity	Number of Domestic Shares	Approximate percentage shareholding in the Domestic Shares *(Note (g))*	Number of Foreign Shares	Approximate percentage shareholding in the Foreign Shares *(Note (h))*	Number of H Shares	Approximate percentage shareholding in the H Shares *(Note (i))*
Director							
Mr. Rui Xin Sheng	Beneficial owner, interest of spouse, interest of controlled corporation *(Note (a))*	2,500,000	100%	135,000,000	39.30%	12,236,000	6.66%
Ms. Leng Yi Xin	Beneficial owner, interest of spouse and interest of controlled corporation *(Note (b))*	2,500,000	100%	135,000,000	39.30%	12,236,000	6.66%

	Capacity	Number of Domestic Shares	Approximate percentage shareholding in the Domestic Shares *(Note (g))*	Number of Foreign Shares	Approximate percentage shareholding in the Foreign Shares *(Note (h))*	Number of H Shares	Approximate percentage shareholding in the H Shares *(Note (i))*
Mr. Pan Chun	*(Note (c))*	–	–	*(Note (c))*	*(Note (c))*	–	–
Mr. Yu Xiao Ping	Interest of spouse and interest of controlled corporation *(Note (d))*	–	–	66,000,000	19.21%	3,774,000	2.05%
Supervisor							
Ms. Zhou Rui Juan	*(Note (e))*	–	–	*(Note (e))*	*(Note (e))*	–	–
Mr. Zhang Jun Peng	*(Note (f))*	–	–	*(Note (f))*	*(Note (f))*	–	–

Notes:

(a) Mr. Rui is the registered holder and beneficial owner of 96,500 Class "A" shares in HK Xinsheng, which is the registered holder and beneficial owner of 135,000,000 Foreign Shares. The issued share capital in HK Xinsheng comprises 170,000 Class "A" shares and 100,000 Class "B" shares. Mr. Rui is also the registered holder and beneficial owner of 70% of the registered capital of Changzhou Xinsheng, which is the registered holder and beneficial owner of 2,500,000 Domestic Shares. Mr. Rui is the beneficial owner of 12,184,000 H Shares and Ms. Leng Yi Xin, a Director and spouse of Mr. Rui, is the beneficial owner of 52,000 H Share. Ms. Leng Yi Xin is also interested in HK Xinsheng and Changzhou Xinsheng, details of which are set out in Note (b) below.

(b) Ms. Leng is the registered holder and beneficial owner of 73,500 Class "A" shares and 53,000 Class "B" shares in HK Xinsheng, which is the registered holder and beneficial owner of 135,000,000 Foreign Shares. The issued share capital in HK Xinsheng comprises 170,000 Class "A" shares and 100,000 Class "B" shares. Ms. Leng is also the registered holder and beneficial owner of 30% of the registered capital of Changzhou Xinsheng, which is the registered holder and beneficial owner of 2,500,000 Domestic Shares. Ms. Leng is the beneficial owner of 52,000 H Shares and Mr. Rui Xin Sheng (a Director and spouse of Ms. Leng) is the beneficial owner of 12,184,000 H Shares. Mr. Rui is also interested in HK Xinsheng and Changzhou Xinsheng, details of which are set out in Note (a) above.

(c) Mr. Pan is the registered holder and beneficial owner of 2,000 Class "B" shares in HK Xinsheng, which is the registered holder and beneficial owner of 135,000,000 Foreign Shares. The issued share capital in HK Xinsheng comprises 170,000 Class "A" shares and 100,000 Class "B" shares. He is also the registered holder and beneficial owner of 200,000 shares in HK Bio, which is the registered holder and beneficial owner of 67,500,000 Foreign Shares. The total number of issued shares in HK Bio is 6,750,000 shares.

(d) Mr. Yu and his spouse (who is not a Director) taken together are interested in the entire issued capital of Jomo Limited which is the registered holder and beneficial owner of 66,000,000 Foreign Shares. Mr. Yu's spouse, Ms. Lam Mau, is also the beneficial owner of 3,774,000 H shares.

(e) Ms. Zhou is the registered holder and beneficial owner of 220,000 shares in HK Bio, which is the registered holder and beneficial owner of 67,500,000 Foreign Shares. The total number of issued shares in HK Bio is 6,750,000 shares.

(f) Mr. Zhang is the registered holder and beneficial owner of 800 Class "B" shares in HK Xinsheng, which is the registered holder and beneficial owner of 135,000,000 Foreign Shares. The issued share capital in HK Xinsheng comprises 170,000 Class "A" shares and 100,000 Class "B" shares. Mr. Zhang is also the registered holder and beneficial owner of 120,000 shares in HK Bio, which is the registered holder and beneficial owner of 67,500,000 Foreign Shares. The total number of issued shares in HK Bio is 6,750,000 shares.

(g) The percentage is calculated based on the 2,500,000 Domestic Shares in issue as at Latest Practicable Date.

(h) The percentage is calculated based on the 343,500,000 Foreign Shares in issue as at Latest Practicable Date.

(i) The percentage is calculated based on the 183,700,000 H Shares in issue at Latest Practicable Date.

Save as disclosed above, as at Latest Practicable Date, none of the Directors, Supervisors or chief executives of the Company have interests in the shares, underlying shares and debentures of the Company or any specified undertaking of the Company or any other associated corporations (within the meaning of Part XV of the SFO) (including interests in shares and short positions) which were required to notify the Company and the Stock Exchange pursuant to: (a) Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them is taken or deemed to have taken under such provisions of the SFO); or (b) Section 352 of the SFO to be entered in the register referred to in that section; or (c) Appendix C3 of the Listing Rules relating to securities transactions by Directors; or (d) the Hong Kong Companies Ordinance (Cap. 622), to be notified to the Company and the Stock Exchange.

3. PERSONS WHO HAVE AN INTEREST OR SHORT POSITION WHICH IS DISCLOSEABLE UNDER DIVISIONS 2 AND 3 OF PART XV OF THE SFO AND SUBSTANTIAL SHAREHOLDERS

So far as known to the Directors, as at Latest Practicable Date, the followings, not being a Director, Supervisor or chief executive of the Company, had interests or short positions in the shares or underling shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions in shares:

Name of Shareholder	Capacity	Number of Foreign Shares	Approximate Percentage shareholding in the Foreign Shares *(Note (e))*	Number of H Shares	Approximate Percentage shareholding in the H Shares *(Note (f))*
Hong Kong Xinsheng Pioneer Investment Company Limited	Beneficial owner	135,000,000	39.30%	–	–
Hong Kong Bio-chemical Advanced Technology Investment Company Limited	Beneficial owner	67,500,000	19.65%	–	–

Name of Shareholder	Capacity	Number of Foreign Shares	Approximate Percentage shareholding in the Foreign Shares *(Note (e))*	Number of H Shares	Approximate Percentage shareholding in the H Shares *(Note (f))*
Jomo Limited	Beneficial owner	66,000,000	19.21%	–	–
Ms. Lam Mau	Interest of spouse, interest of controlled corporation and beneficial owner	66,000,000 *(Note (a))*	19.21%	3,774,000 *(Note (a))*	2.05%
Kehai Venture Capital (Hong Kong) Limited	Beneficial owner	62,500,000	18.20%	–	–
上海科技創業投資股份有限公司 (Shanghai S&T Investment Company Limited*, formerly 上海科技投資股份有限公司)	Interest of controlled corporation	62,500,000 *(Note (b))*	18.20%	–	–
上海科技創業投資有限公司 (Shanghai Technology Entrepreneur Investment Company*, formerly 上海科技投資公司)	Interest of controlled corporation	62,500,000 *(Note (c))*	18.20%	–	–
上海科技創業投資(集團)有限公司 (Shanghai S&T Venture Capital (Group) Co., Ltd*)	Interest of controlled corporation	62,500,000 *(Note (d))*	18.20%	–	–

Notes:

(a) Ms. Lam Mau and her spouse, Mr. Yu Xiao Ping (who is a Director) taken together are interested in the entire issued capital of Jomo Limited which is the registered holder and beneficial owner of 66,000,000 Foreign Shares. Ms. Lam Mau is also the beneficial owner of 3,774,000 H shares.

(b) Shanghai S&T Investment Company Limited is the beneficial owner of 100% of the issued share capital of Kehai Venture Capital (Hong Kong) Limited, which is the registered holder and beneficial owner of 62,500,000 Foreign Shares.

(c) Shanghai Technology Entrepreneur Investment Company is the beneficial owner of 62.3% of the issued share capital of Shanghai S&T Investment Company Limited, which is the beneficial owner of 100% of the issued share capital of Kehai Venture Capital (Hong Kong) Limited. Kehai Venture Capital (Hong Kong) Limited is the registered holder and beneficial owner of 62,500,000 Foreign Shares.

* *For identification purpose only*

(d) Shanghai S&T Venture Capital (Group) Co., Ltd is the beneficial owner of 100% of the issued capital of Shanghai Technology Entrepreneur Investment Company. Shanghai Technology Entrepreneur Investment Company is the beneficial owner of 62.3% of the issued capital of Shanghai S&T Investment Company Limited, which is the beneficial owner of 100% of the issued share capital of Kehai Venture Capital (Hong Kong) Limited. Kehai Venture Capital (Hong Kong) Limited is the registered holder and beneficial owner of 62,500,000 Foreign Shares.

(e) The percentage is calculated based on the 343,500,000 Foreign Shares in issue at Latest Practicable Date.

(f) The percentage is calculated based on the 183,700,000 H Shares in issue at Latest Practicable Date.

Save as disclosed above, as at Latest Practicable Date, the Directors are not aware of any person, not being a Director, Supervisor or chief executive of the Company, had interests or short positions in the shares or underling shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or were substantial shareholders as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which are proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2024, being the date to which the latest published audited accounts of the Group were made up.

6. DIRECTORS' INTERESTS IN CONTRACTS AND ARRANGEMENTS

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which is significant in relation to the business of the Group.

7. DIRECTORS' COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors, Supervisors or management shareholders of the Company and their respective associates had any interest in a business which competes or may compete with the business of the Group.

8. LITIGATION

As at the Latest Practicable Date, the Group was not engaged in any material litigation or arbitration of material importance and no material litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Group.

9. MATERIAL CONTRACTS

Save for the Sale and Leaseback Agreements, there are no material contracts (not being contracts entered into in the ordinary course of business) which have been entered into by any member of the Group within the two years immediately preceding the date of this circular.

10. GENERAL

(a) The company secretary of the Company is Ms. Wan Pui Ling Alice. Ms. Wan Pui Ling Alice is a member of the Hong Kong Institute of Certified Public Accountants.

(b) The legal address of the Company is No. 1228 Chang Jiang Bei Road, New North Zone, Changzhou City, Jiangsu Province, 213034, the PRC.

(c) The principal place of business in Hong Kong is Room 54, 5/F, New Henry House, 10 Ice House Street, Central, Hong Kong.

(d) The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited which is situated at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

11. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the respective websites of the Stock Exchange at www.hkexnews.hk and the Company at www.cmbec.com.hk for a period of 14 days from the date of this circular:

(a) the Sale and Leaseback Agreements; and

(b) this circular.