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This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Asymchem Laboratories (Tianjin) Co., Ltd. (凱萊英醫藥集團(天津)股份有限公司).

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 PROJECT UNDER THE INVESTMENT AGREEMENT ENTERED INTO WITH THE MANAGEMENT COMMITTEE OF TAIXING ECONOMIC DEVELOPMENT ZONE, JIANGSU PROVINCE;
 - (2) PROPOSED CHANGE IN THE USE OF PART OF PROCEEDS AND ESTABLISHMENT OF NEW PROCEEDS-FUNDED PROJECTS;
 - (3) PROPOSED CHANGE IN THE IMPLEMENTATION ENTITY, PROJECT NAME AND IMPLEMENTATION LOCATION OF SOME PROCEEDS-FUNDED PROJECTS;
 - (4) PROPOSED REPURCHASE AND CANCELLATION OF PART OF RESTRICTED A SHARES GRANTED UNDER THE A SHARE INCENTIVE SCHEMES;
 - (5) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
 - (6) NOTICE OF THE FOURTH EXTRAORDINARY GENERAL MEETING OF 2022;
- AND
- (7) NOTICE OF THE FOURTH H SHARES CLASS MEETING OF 2022

A letter from the Board is set out on pages 4 to 33 of this circular. Notices convening the EGM on Friday, October 28, 2022 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 34 to 39 of this circular and published and be available for downloading 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 Share 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, October 27, 2022) 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.

PRECAUTIONARY MEASURES FOR THE EGM AND THE H SHARES CLASS MEETING

To safeguard the health and safety of Shareholders and to prevent and control the spread of COVID-19, the Company will take the following precautionary measures at the EGM and the H Shares Class Meeting:

- i. Compulsory body temperature check will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM and the H Shares Class Meeting venue. Any person with a body temperature of over 37.3 degrees Celsius may be denied entry into the EGM and the H Shares Class Meeting venue or be required to leave the EGM and the H Shares Class Meeting venue.
- ii. All attendees are required to complete and submit at the entrance of the EGM and the H Shares Class Meeting venue a declaration form confirming their names and contact details, and confirming that they are not subject to, and to their best of knowledge have not had contact with any person who is subject to, any prescribed quarantine arrangements of Tianjin Municipal People's Government (whether in a quarantine centre or not) and had no physical contact with a suspected COVID-19 patient during the preceding 14 days. Any person who does not comply with this requirement may be denied entry into the EGM and the H Shares Class Meeting venue or be required to leave the EGM and the H Shares Class Meeting venue.
- iii. All attendees displaying common cold or flu symptoms may be denied entry into the EGM and the H Shares Class Meeting venue or be required to leave the EGM and the H Shares Class Meeting venue.
- iv. All attendees are required to wear surgical face masks inside the EGM and the H Shares Class Meeting venue at all times, maintain a safe distance between seats and observe good personal hygiene. Otherwise, such attendees may be denied entry into the EGM and the H Shares Class Meeting venue or be required to leave the EGM and the H Shares Class Meeting venue.
- v. No refreshments will be served, and there will be no corporate gifts to be distributed.

The Company reminds all Shareholders that physical attendance in person at the EGM and the H Shares Class Meeting is not necessary for the purpose of exercising voting rights. As an alternative, by using forms of proxy with voting instructions inserted, Shareholders may appoint the chairman of the EGM and the H Shares Class Meeting as their proxy to vote on the relevant resolutions at the EGM and the H Shares Class Meeting instead of attending the EGM and the H Shares Class Meeting in person.

October 10, 2022

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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 2022 of the Company to be held on Friday, October 28, 2022
“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
“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
“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
“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

DEFINITIONS

“EGM”	the fourth extraordinary general meeting of 2022 of the Company to be held on Friday, October 28, 2022 at 2:00 p.m.
“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 Share 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 2022 of the Company to be held after the conclusion of the EGM and the A Shares Class Meeting on Friday, October 28, 2022
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	September 30, 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“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 October 10, 2022, a copy of which is set out on pages 34 to 36 of this circular
“Notice of H Shares Class Meeting”	the notice of the H Shares Class Meeting dated October 10, 2022, a copy of which is set out on pages 37 to 39 of this circular
“PRC Company Law”	the Company Law of the People’s Republic of China
“PRC Securities Law”	the Securities Law of the People’s Republic of China
“Prospectus”	the prospectus of the Company dated November 30, 2021
“RMB”	Renminbi, the lawful currency of the PRC

DEFINITIONS

“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
“SZSE Listing Rules”	the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
“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:

Ms. Zhang Kun (張昆)
Mr. Wang Qingsong (王青松)
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

October 10, 2022

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED PROJECT UNDER THE INVESTMENT AGREEMENT ENTERED INTO WITH THE MANAGEMENT COMMITTEE OF TAIXING ECONOMIC DEVELOPMENT ZONE, JIANGSU PROVINCE;
- (2) PROPOSED CHANGE IN THE USE OF PART OF PROCEEDS AND ESTABLISHMENT OF NEW PROCEEDS-FUNDED PROJECTS;
- (3) PROPOSED CHANGE IN THE IMPLEMENTATION ENTITY, PROJECT NAME AND IMPLEMENTATION LOCATION OF SOME PROCEEDS-FUNDED PROJECTS;
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- AND
- (7) NOTICE OF THE FOURTH H SHARES CLASS MEETING OF 2022

INTRODUCTION

References are made to (i) the announcement of the Company dated September 26, 2022 in relation to the proposed project under the investment agreement entered into with the Management Committee of Taixing Economic Development Zone, Jiangsu Province; (ii) the announcement of the Company dated September 26, 2022 in relation to (a) the proposed change in the use of part of proceeds and establishment of new proceeds-funded projects, and (b) the proposed change in the implementation entity, project name and implementation location of

LETTER FROM THE BOARD

some proceeds-funded projects; and (iii) the announcement of the Company dated September 26, 2022 in relation to (a) the proposed Repurchase and Cancellation, and (b) 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, October 28, 2022 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 PROJECT UNDER THE INVESTMENT AGREEMENT ENTERED INTO WITH THE MANAGEMENT COMMITTEE OF TAIXING ECONOMIC DEVELOPMENT ZONE, JIANGSU PROVINCE

The Company entered into an investment agreement with the Management Committee of Taixing Economic Development Zone, Jiangsu Province on September 26, 2022 in relation to the transfer of land with a total area of approximately 400 mu (the final area is subject to the real property certificates issued by the competent authorities after actual survey) in the Jiangsu Taixing Economic Development Zone (the “**Project Land**”) to the Group and the investment and construction of a “base project for the integrated R&D and production of biological medicines” (together with the “**Project Land**”, collectively referred to as the “**Project**”) by the Group. Jiangsu Taixing Economic Development Zone is a provincial development zone, and also one of the 15 major parks developed by Jiangsu Province along the Yangtze River.

The construction of the Project is for the R&D and production of chemical raw materials and drug substance of small molecule CDMO, as well as the expansion of constructions of small molecule CDMO drug products, drug R&D, the promotion and application of new technologies and other projects, with estimated total investment amount of approximately RMB4,000,000,000 to RMB5,000,000,000 (or the equivalent in foreign currency, subject to the specific agreement of the subsequent land transfer agreement and other related agreements to be signed) and the estimated source of funds includes our cash in hand or self-raised funds, both of which will be determined upon the finalization of the Project plan. The Project may be designed as a whole, implemented in phases and put into production in batches. The Group may, subject to the negotiation with the Management Committee of Taixing Economic Development Zone, Jiangsu Province, make adjustments and changes to the actual investment and construction, industry types, investment scale, investment subject, etc., of the Project, in accordance with the relevant circumstances and changes in markets, policies, investment environment, and other factors.

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The detailed terms and conditions of the Project Land shall be stipulated in the separately signed agreement, and the existing investment agreement is not legally binding. As of the Latest Practicable Date, the Company has not obtained any legally valid qualifications or certificates for the implementation of the Project, and the implementation of the Project is subject to the completion of the approval procedures with the relevant competent authorities. Therefore, there is no guarantee that the Project will be materialized. The Company will make further announcements on the Project in accordance with the Listing Rules when appropriate for any material developments or other legally binding agreement(s) be entered into in relation to the Project.

The resolution has been considered and approved by the Board on September 26, 2022 and is hereby proposed at the EGM and the H Shares Class Meeting for consideration and approval.

PROPOSED CHANGE IN THE USE OF PART OF PROCEEDS AND ESTABLISHMENT OF NEW PROCEEDS-FUNDED PROJECTS

I. Introduction

The Company issued 10,178,731.00 A Shares with an offering price of RMB227.00 per share to designated investors in September 2020, and raised net proceeds of RMB2,274,960,656.06 (the “**Non-public Offering**”). The following table sets out the projects funded by the proceeds from the Non-public Offering and the use of the proceeds for such projects as of August 31, 2022:

No.	Implementation entity	Project name	Total investment amount (RMB0'000)	Investment amount proposed to be funded by the proceeds (RMB0'000)	Accumulated investment amount as of August 31, 2022 (RMB0'000)
1	Asymchem Life Science (Tianjin) Co., Ltd.	Expansion Project of One-stop Service Platform for Innovative Drugs of Asymchem Life Science (Tianjin) Co., Ltd.	68,000.00	31,730.32	2,144.51
2	Shanghai Asymchem Biotechnology Co., Ltd.	Construction Project of R&D and Production Platform for Biological Macromolecule Innovative Drugs and Preparations	62,236.45	30,000.00	6,328.71
3	Asymchem Pharmaceuticals (Jiangsu) Co., Ltd.	Phase I of Comprehensive Drug R&D and Production Base Project	109,136.97	100,000.00	–
4	Asymchem Laboratories (Tianjin) Co., Ltd.	To supplement working capital	66,057.20	66,057.20	66,057.20
Total				227,787.52	74,530.42

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Note: On May 18, 2021, the Company changed the use of the proceeds for the Innovative Drug CDMO Production Base Construction Project undertaken by Jilin Asymchem Laboratories Co., Ltd., which was reviewed and approved in the 2020 annual general meeting of the Company. After the change, the remaining balance of the proceeds for the project, RMB1,000 million, would be used for the construction of the Phase I of Comprehensive Drug R&D and Production Base Project, which was undertaken by Asymchem Pharmaceuticals (Jiangsu) Co., Ltd.. The utilised amount of the above proceeds has not been audited.

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

Based on the new business development progress and the overall capital needs of the Group, the Company intends to change the use of the Expansion Project of One-stop Service Platform for Innovative Drugs of Asymchem Life Science (Tianjin) Co., Ltd. and the Construction Project of R&D and Production Platform for Biological Macromolecule Innovative Drugs and Preparations.

The Expansion Project of One-stop Service Platform for Innovative Drugs of Asymchem Life Science (Tianjin) Co., Ltd. was undertaken by Asymchem Life Science (Tianjin) Co., Ltd., a wholly-owned subsidiary of the Company. The overall investment is RMB680 million, and RMB317.3032 million of the proceeds is proposed to be used. The proposed construction period is 2 years, and the construction site is located at No. 71, the 7th Street, Economic Development Zone, Tianjin, China. The project's filing and environmental impact assessment had been completed as of July 2019. It is estimated that after the project is put into operation, the internal rate of return (after-tax) of the project will be 23.75%, and the after-tax static investment payback period (including the construction period) will be 5.88 years. As of August 31, 2022, the unused proceeds amounted to RMB295.8581 million (excluding the bank interest and the cash management income, with the specific amount subject to the balance of special account for proceeds at the time of actual carry-over).

The Construction Project of R&D and Production Platform for Biological Macromolecule Innovative Drugs and Preparations was undertaken by Shanghai Asymchem Biotechnology Co., Ltd., a wholly-owned subsidiary of the Company. The overall investment is RMB622.3645 million, and RMB300.00 million of the proceeds would be used. The proposed construction period is 2 years, and the construction site is located at Jinshan Industrial Zone, Shanghai, China. The project's filing and environmental impact assessment had been completed as of July 2019. It is estimated that after the project is put into operation, the internal rate of return (after-tax) of the project will be 16.18%, and the after-tax static investment payback period (including the construction period) will be 6.87 years. As of August 31, 2022, the unused proceeds amounted to RMB236.7129 million (excluding the bank interest and the cash management income, with the specific amount subject to the balance of special account for proceeds at the time of actual carry-over).

After the changes of the above projects, RMB400.00 million from the remaining unused proceeds of RMB532.5710 million is intended to be used for the new proceeds-funded project proposed this time, the Chemical Macromolecule Project of Asymchem Laboratories (Tianjin) Co., Ltd., and RMB132.5710 million for the construction of the Key Green Technology Development and Industrialization Project of Asymchem Laboratories (Tianjin) Co., Ltd.. The amount of the changed proceeds accounts for approximately 23.41% of the actual net proceeds from the Non-public Offering of the Company in 2020 (excluding the bank interest and the cash management income).

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III. Reasons for Changing the Use of Part of the Proceeds

With more than 20 years of intensive research in the field of small molecule innovative drug CDMO, the Company has developed industry leading advantages and platform effects, which have laid solid foundation for our sustained and steady growth. In March 2019, in order to improve the service level of comprehensive pharmaceutical contract R&D and production of small molecule innovative drugs, the Company decided to implement the Expansion Project of One-stop Service Platform for Innovative Drugs of Asymchem Life Science (Tianjin) Co., Ltd. according to the market environment, technical level and our overall development strategy, and submitted the Non-public Offering application documents to the China Securities Regulatory Commission in August 2019. Meanwhile, the Company has used part of its own funds to initiate project construction in advance to seize market opportunities and keep pace with the rapid development of the global pharmaceutical industry. However, since 2020, the R&D technology and equipment performance in the international innovative drug market have been continuously iterating and evolving, and the established platform expansion, transformation and upgrading scheme of the project can no longer meet the development needs of the Company. Therefore, to improve the usage efficiency of the proceeds, the Company intends to change the use of the proceeds, and proactively invest the remaining funds into the strategic new business segments of the Company, on the basis of consolidating the mature small molecule CDMO business, to rapidly promote the development of emerging businesses and present a good climate of “strong momentum of the small molecule business with a blossoming of emerging businesses”, thus promoting the Company to achieve an accelerated growth in performance.

With the purpose of further accelerating the biological drug CDMO R&D and commercialization capacity construction, the Bio-macromolecule business segment introduced external investors in March 2022 by way of capital increase and share expansion, aiming to leverage the rapidly growing markets of biological drug and advanced therapy CDMO at home and abroad with high level one-stop professional R&D and production services.

In view of this, in order to improve the usage efficiency of the Company’s proceeds and protect the interests of the Shareholders as a whole, the Company intends to adjust the use of the Construction Project of R&D and Production Platform for Biological Macromolecule Innovative Drugs and Preparations, and invest the remaining proceeds into the construction of other strategic new business segments.

In order to deeply implement the Asymchem’s “two-wheel drive” strategy of strengthening the small molecule CDMO business and accelerating the rapid development of strategic new business, the Company intends to establish new projects: the Chemical Macromolecule Project of Asymchem Laboratories (Tianjin) Co., Ltd. and the Key Green Technology Development and Industrialization Project of Asymchem Laboratories (Tianjin) Co., Ltd.. Taking advantage of the industry insights, technological advantages, quality control operation and management system and premium reputation accumulated over 20 years, the above projects are designed to expand the small molecule CDMO capabilities to Bio-macromolecule and synthetic biology solutions and other new business segments, for creating a professional one-stop customization platform.

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In view of this, in order to safeguard the interests of the Company and all Shareholders, improve the usage efficiency of the proceeds, and achieve return from the proceeds-funded projects on the basis of comprehensive and careful consideration of the overall development strategy, the Company intends to change some proceeds-funded projects and invest the remaining unused proceeds into the new proceeds-funded projects.

IV. Specific Scheme for the Change in the Use of Part of the Proceeds

The projects to be invested following the change of the use of the proceeds are as follows:

Project name	Total investment amount (RMB0'000)	Investment amount proposed to be funded by the proceeds (before change) (RMB0'000)	Unused proceeds (before change) (RMB0'000)	Investment amount proposed to be funded by the proceeds (after change) (RMB0'000)
Expansion Project of One-stop Service Platform for Innovative Drugs of Asymchem Life Science (Tianjin) Co., Ltd.	68,000.00	31,730.32	29,585.81	–
Construction Project of R&D and Production Platform for Biological Macromolecule Innovative Drugs and Preparations	62,236.45	30,000.00	23,671.29	–
Chemical Macromolecule Project of Asymchem Laboratories (Tianjin) Co., Ltd.	50,000.00	–	–	40,000.00
Key Green Technology Development and Industrialization Project of Asymchem Laboratories (Tianjin) Co., Ltd.	40,000.00	–	–	13,257.10

The amount of proceeds to be invested in the Chemical Macromolecule Project of Asymchem Laboratories (Tianjin) Co., Ltd. is expected to be fully utilised on or before September 30, 2024; the amount of proceeds to be invested in the Key Green Technology Development and Industrialization Project of Asymchem Laboratories (Tianjin) Co., Ltd. is expected to be fully utilised on or before September 30, 2024; the amount of proceeds to be

LETTER FROM THE BOARD

invested in the Biomedical R&D and Production Integration Base Project of Asymchem Pharmacy (Jiangsu) Co., Ltd. (formerly named as “Phase I of Comprehensive Drug R&D and Production Base Project”; for details of adjustments, please refer to the section headed “Proposed Change in the Implementation Entity, Project Name and Implementation Location of Some Proceeds-funded Projects” in this circular) is expected to be fully utilised on or before the end of 2025. The above expected timeline of full utilisation is based on the Directors’ best estimation barring unforeseen circumstances, and will be subject to adjustment based on the future development of market conditions.

V. Information on the New Proceeds-funded Projects

After the change in the use of the proceeds, the Company intends to use RMB400 million of the remaining unused proceeds for the proposed new proceeds-funded project Chemical Macromolecule Project of Asymchem Laboratories (Tianjin) Co., Ltd. and RMB132.5710 million for the construction of the Key Green Technology Development and Industrialization Project of Asymchem Laboratories (Tianjin) Co., Ltd..

(I) Chemical Macromolecule Project of Asymchem Laboratories (Tianjin) Co., Ltd.

1. Basic information of the project and investment plan

- (1) Project name: Chemical Macromolecule Project of Asymchem Laboratories (Tianjin) Co., Ltd.
- (2) Project implementation entity: Asymchem Laboratories (Tianjin) Co., Ltd.
- (3) Project implementation location: Western District of the Economic – Technological Development Area, Tianjin, China
- (4) Project construction period: According to the overall project planning, the project will be constructed by phases, and the overall construction period will be 12 months. The actual start time was June 2022, and the estimated completion time will be June 2023
- (5) Project investment amount: RMB500 million, including approximately RMB480 million for fixed assets investment and approximately RMB20 million for initial working capital. The Company intends to use RMB400 million of the proceeds to implement the project, with the remaining balance settled through self-financing of the Company
- (6) Project construction content: The project includes: the building of a new experimental centre, two production plants and other R&D production auxiliary facilities; purchase of more than 200 sets of production and

LETTER FROM THE BOARD

R&D equipment and devices and related auxiliary equipment to meet the requirements of R&D and commercial production of chemical macromolecule CDMO services such as oligonucleotide drugs and polypeptide drugs

2. *Basic information of project implementation entity*

Entity: Asymchem Laboratories (Tianjin) Co., Ltd.

Legal representative: Hao Hong

Registered capital: RMB369,984,465

Business term: October 7, 1998 to non-fixed term

Business scope: development, production, and sales of high-tech pharmaceutical raw materials and intermediates and biotechnology products, formulation development, import and export of related equipment and accessories, wholesale and retail business (without shops) and technical consulting services and technology transfer related to the above (Items subject to approval in accordance with the law shall only be conducted upon the approval by relevant authorities)

Shareholder: As of June 30, 2022, the top 10 shareholders of the Company are as follows:

Name of Shareholder	Shareholding ratio
Asymchem Laboratories, Incorporated	32.99%
HKSCC Nominees Limited ⁽¹⁾	7.45%
Industrial and Commercial Bank of China Limited – Central Europe Health Hybrid Securities Investment Fund (中國工商銀行股份有限公司 – 中歐醫療健康混合 型證券投資基金)	4.53%
Hong Kong Securities Clearing Co., Ltd.	4.07%
Hao Hong	3.86%
Tianjin Guorong Business Information Co., Ltd. (天津國 榮商務信息諮詢有限公司)	1.79%
Bank of China Limited – Guangfa Healthcare Securities Investment Fund (中國銀行股份有限公司 – 廣發醫療保 健股票型證券投資基金)	1.29%

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Name of Shareholder	Shareholding ratio
China Construction Bank Corporation – ICBC Credit Suisse Front Medical Securities Investment Fund (中國建設銀行股份有限公司 – 工銀瑞信前沿醫療股票型證券投資基金)	1.27%
Industrial and Commercial Bank of China Limited – Central Europe Healthcare Innovation Equity Securities Investment Fund (中國工商銀行股份有限公司 – 中歐醫療創新股票型證券投資基金)	1.08%
China Life Insurance Company Limited – Traditional – General Insurance – 005L-CT001 Shen (中國人壽保險股份有限公司 – 傳統 – 普通保險產品 – 005L-CT001深)	1.07%

Note:

(1) HKSCC Nominees Limited holds shares on behalf of various customers.

Financial position:

Item	December 31, 2021 (RMB)	June 30, 2022 (RMB)
Total assets	15,156,297,270.34	17,834,031,346.00
Total liabilities	2,546,285,945.92	3,247,859,354.87
Net assets	12,610,011,324.42	14,586,171,991.13
Operating revenue	4,638,834,177.53	5,041,250,176.47
Net profit	1,069,273,577.50	1,740,094,352.59

(The financial information for 2021 has been audited by Ernst & Young Hua Ming LLP, while the financial information as at June 30, 2022 has not been audited)

3. *Project feasibility analysis*

(1) Project background

Biomedicine is a sunrise industry in the 21st century, ranking the second most promising industry in the world in terms of market prospect. In recent years, with the rise of nucleic acid drugs, many drugs with important clinical value have been launched, which have achieved great breakthrough in the treatment of cancer, genetic diseases, metabolic diseases, and the prevention of infectious diseases, becoming a leader in the third wave of new drug development. However, the industrialization of the representative small nucleic acid drugs is faced with the challenges of limited technical means, low efficiency, insufficient production capacity, large amount of three wastes

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discharge and high production cost, making it difficult for the pharmaceutical companies to scale up production quickly. Therefore, the CDMO business in this field enjoys promising prospects.

Meanwhile, according to the Frost & Sullivan Report, the market size of peptide drugs in China has increased from US\$6.3 billion in 2016 to US\$8.5 billion in 2020, with a CAGR of 8%, which is expected to grow at a CAGR of 16.3% to US\$18.2 billion in 2025 and then 12.5% to US\$32.8 billion in 2030. In recent years, with the continuous improvement of the technical level of the peptide drug industry in China, and the launch of peptide new drugs and generic drugs one after another, the accessibility of peptide drugs in China will be greatly improved, and the market size is expected to grow rapidly, which in turn will provide a broad market space for the Company to further develop CDMO business in this field.

Chemical Macromolecule Project of Asymchem Laboratories (Tianjin) Co., Ltd., the new proceeds-funded project proposed this time, is designed to further expand the production capacity and project size rapidly and improve the ability of parallel completion of multiple projects and rapid delivery based on our accumulation in the field of small molecule CDMO, and the evolving R&D platform of the Company.

(2) Necessity analysis of project implementation

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

In recent years, a number of industrial policies have been enacted in China to encourage and support the pharmaceutical industry and vigorously encourage the development of innovative drugs. The industry category of this project is biological drug manufacturing, which belongs to the “Development and Production of New Drugs with Independent Intellectual Property” in the first encouraged category of the Catalogue for Guiding Industry Restructuring (2019 Version). In addition, the construction of the project is in line with national development plans and industrial policies such as the Outline of the National Innovation-Driven Development Strategy, Made in China 2025, and the Guiding Catalogue of Key Products and Services for Strategic Emerging Industries (2016 Edition) issued by the NDRC. It is conducive to enhancing the independent innovation and drug preparation abilities of our country.

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- ② The construction of the project will help accelerate the launch of innovative drugs for the treatment of many major diseases in our country and strengthen the international influence of China

Based on the advanced technologies of the Company, the project is designed to promote the transformation and application of the related technologies in the preparation of innovative drugs for the treatment of a variety of major diseases, so as to meet the needs for the prevention and treatment of major diseases in China and other regions. It is conducive to the breaking of the technological blockade of foreign pharmaceutical giants in the related innovative drug fields, accelerating the marketing process of innovative drugs, enhancing the innovative drug R&D and manufacturing technology in China, promoting local and nationwide pharmaceutical industry upgrading, and strengthening our international influence.

- ③ The construction of the project is conducive to the promotion of the healthy and green development of the Chinese pharmaceutical industry

Green development has now become one of the targets of Chinese pharmaceutical industry development. This project is designed for the development and commercial production of chemical macromolecule CDMO. Compared with the traditional chemical drug production project, it is more friendly to the environment and in line with the green development path advocated by the country. In addition, Asymchem has been practicing CDMO industry standards in line with international standards since the beginning of project implementation, taking safe production, cost reduction, efficiency improvement, and the reduction of three wastes and energy consumption as development goals.

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 7.44 years with an after-tax internal rate of return of 12.5%. Therefore, the project offers good economic benefits.

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

The Company received the project (change) filing certificate (project code: 2201-120316-89-01-337234) from the Administrative Examination and Approval Bureau of Tianjin Economic and Technological Development Zone (Nangang Industrial Zone) in September 2022 and obtained the real estate ownership certificate No. Jin (2022) Economic Development Zone Real Estate No. 1022909 for the Chemical Macromolecule Project of Asymchem Laboratories (Tianjin) Co., Ltd.. Other environmental impact assessment procedures are under way.

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(II) Key Green Technology Development and Industrialization Project of Asymchem Laboratories (Tianjin) Co., Ltd.

1. Basic information of the project and investment plan

- (1) Project name: Key green technology development and industrialization project of Asymchem Laboratories (Tianjin) Co., Ltd.
- (2) Project implementation entity: Asymchem Laboratories (Tianjin) Co., Ltd.
- (3) Project implementation location: Western District of the Economic – Technological Development Area, Tianjin, China
- (4) Project construction period: According to the overall project planning, the project will be constructed by phases, and the overall construction period will be 12 months. The actual start time was February 2022, and the estimated overall completion time is February 2023
- (5) Project investment amount: RMB400.00 million, including RMB330.00 million for fixed assets investment and RMB70.00 million as initial working capital. The Company intends to use RMB132.5710 million of the proceeds to implement the project, with the difference settled through self-financing of the Company
- (6) Project construction content: The project includes: the building of a new experimental center, a complex, a production plant and other R&D and production auxiliary facilities; purchase of 460 sets of production and R&D equipment and auxiliary equipment

2. Basic information of project implementation entity

Entity: Asymchem Laboratories (Tianjin) Co., Ltd.

Legal representative: Hao Hong

Registered capital: RMB369,984,465

Business term: October 7, 1998 to non-fixed term

Business scope: development, production, and sales of high-tech pharmaceutical raw materials and intermediates and biotechnology products, formulation development, import and export of related equipment and accessories, wholesale and retail business (without shops) and technical consulting services and technology transfer related to the above (Items subject to approval in accordance with the law shall only be conducted upon the approval by relevant authorities)

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Shareholder: As of June 30, 2022, the top 10 shareholders of the Company are as follows:

Name of shareholder	Shareholding ratio
Asymchem Laboratories, Incorporated	32.99%
HKSCC Nominees Limited ⁽¹⁾	7.45%
Industrial and Commercial Bank of China Limited – Central Europe Health Hybrid Securities Investment Fund (中國工商銀行股份有限公司 – 中歐醫療健康混合型證券投資基金)	4.53%
Hong Kong Securities Clearing Co., Ltd.	4.07%
Hao Hong	3.86%
Tianjin Guorong Business Information Co., Ltd. (天津國榮商務信息諮詢有限公司)	1.79%
Bank of China Limited – Guangfa Healthcare Securities Investment Fund (中國銀行股份有限公司 – 廣發醫療保健股票型證券投資基金)	1.29%
China Construction Bank Corporation – ICBC Credit Suisse Front Medical Securities Investment Fund (中國建設銀行股份有限公司 – 工銀瑞信前沿醫療股票型證券投資基金)	1.27%
Industrial and Commercial Bank of China Limited – Central Europe Healthcare Innovation Equity Securities Investment Fund (中國工商銀行股份有限公司 – 中歐醫療創新股票型證券投資基金)	1.08%
China Life Insurance Company Limited – Traditional – General Insurance – 005L-CT001 Shen (中國人壽保險股份有限公司 – 傳統 – 普通保險產品 – 005L-CT001深)	1.07%

Note:

(1) HKSCC Nominees Limited holds shares on behalf of various customers.

Financial position:

Item	December 31, 2021 (RMB)	June 30, 2022 (RMB)
Total assets	15,156,297,270.34	17,834,031,346.00
Total liabilities	2,546,285,945.92	3,247,859,354.87
Net assets	12,610,011,324.42	14,586,171,991.13
Operating revenue	4,638,834,177.53	5,041,250,176.47
Net profit	1,069,273,577.50	1,740,094,352.59

(The financial information for 2021 has been audited by Ernst & Young Hua Ming LLP, while the financial information as of June 30, 2022 has not been audited)

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3. *Project feasibility analysis*

(1) Project background

Synthetic biotechnology is an important branch of biological science. Designed to solve international problems such as energy shortage, serious and rare diseases and environmental protection by using a variety of biological technologies, it has gained wide attention in the global market. In addition, due to the profound impact of COVID-19 on the strategic direction and focus areas of global biotechnology, the popularity of biotechnology and the related issues, especially synthetic biotechnology, has reached a new high. According to the relevant estimates, the global market size for enzyme preparation related products was approximately US\$2.2 billion in 2020 and is expected to reach US\$3.6 billion by 2027, growing at a CAGR of 7.4% from 2020 to 2027. The market size in China will grow at a CAGR of 11.3% from 2020 to 2027, and would reach US\$811 million in 2027. Asymchem has been deeply engaged in green pharmaceutical technology such as continuous reaction technology and enzyme catalysis technology for many years. Up to now, Asymchem has obtained more than 40 patents in the biological field, including enzyme evolution, enzyme immobilization, enzyme catalytic synthesis route, etc. We have authorized an European pharmaceutical company to apply the project products and technologies independently developed by Asymchem in the R&D and commercial production of related drugs worldwide.

The Company has established the Center of Synthetic Biology Technology (CSBT), and furthered its development based on the existing enzyme technology platform and production platform. The CSBT is divided into three systems: protein synthesis, cell-free system and production technology. As an established business, protein synthesis and production technology will be further upgraded and improved on the basis of steady progress. As a new module, cell-free system is a new technical research direction based on the original protein synthesis. The mutually supporting three systems will be further innovated and jointly promote the overall strategic deployment of one-stop service of Asymchem.

Key Green Technology Development and Industrialization Project of Asymchem Laboratories (Tianjin) Co., Ltd., the new proceeds-funded project proposed this time, is designed to further expand the new enzyme discovery, screening, evolution transformation, immobilization, fermentation production to achieve industrial application by enriching our enzyme library through the rapid application of DNA recombination, rational design, directed evolution and other enzyme engineering technology based on the evolving R&D platform of the CSBT.

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(2) Necessity analysis of project implementation

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

The construction of the project is in line with national development plans and industrial policies such as the Outline of the National Strategy for Innovation-Driven Development, Made in China 2025 and “14th Five-Year Plan” for the Development of Biological Economy which is conducive to the improvement of national independent innovation and preparation capacities.

- ② The construction of the project will help accelerate the launch of innovative drugs for the treatment of many major diseases in our country and strengthen the international influence of China

Based on the advanced technologies of the Company, the project is designed to promote the transformation and application of the related technologies in the preparation of innovative drugs for the treatment of a variety of major diseases, so as to meet the needs for the prevention and treatment of major and recurring diseases in China and other regions. It is conducive to the breaking of the technological blockade of foreign pharmaceutical giants in the related innovative drug fields, accelerating the marketing process of innovative drugs, enhancing the innovative drug R&D and manufacturing technology in China, promoting local and nationwide pharmaceutical industry upgrading, and strengthening China’s international influence.

- ③ The construction of the project is conducive to the promotion of the healthy and green development of Chinese pharmaceutical industry

Green development has now become one of the targets of Chinese pharmaceutical industry development. The construction of the project is a strategic emerging industry in the PRC with features such as high efficiency, safety, energy conservation and environmental protection and in line with the green development path advocated by the country. In addition, Asymchem has been practicing CDMO industry standards in line with international standards since the beginning of project implementation, taking safe production, cost reduction, efficiency improvement, and the reduction of three wastes and energy consumption as development goals.

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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 7.72 years with an after-tax internal rate of return of 10.72%. Therefore, the project offers good economic benefits.

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

The Company received the project filing certificate (project code: 2108-120316-89-01-644577) from the Administrative Examination and Approval Bureau of Tianjin Economic and Technological Development Zone (Nangang Industrial Zone) in February 2022 and obtained the real estate ownership certificate No. Jin (2022) Economic Development Zone Real Estate No. 1022909 for the proposed new proceeds-funded project, the Key Green Technology Development and Industrialization Project of Asymchem Laboratories (Tianjin) Co., Ltd.. Other environmental impact assessment procedures are under way.

VI. Impact of the Proposed Change in the Use of Part of Proceeds and Establishment of New Proceeds-Funded Projects on the Company

The purpose for the change of some proceeds-funded projects and investment of the remaining unused proceeds into new proceeds-funded projects is to use the proceeds more scientifically, prudently and effectively, practically implement the “two-wheel drive” development strategy of the Company, and improve the use efficiency of the proceeds.

At present, as the global innovative drug industry is booming, and the medical CDMO industry presents greater development opportunities, the change of some proceeds-funded projects and investment of the remaining unused proceeds into new proceeds-funded projects is conducive to bringing fast development of the emerging business segment CDMO Business of the Company, reducing our financial risk, enhancing our core competitiveness, improving our overall profitability and providing a strong guarantee for the long-term robust development of the Company. The change of the proceeds-funded projects is more 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.

The Board considers that the above change in use of proceeds is in the interests of the Group and its Shareholders as a whole and will not have a material adverse impact on the existing business and operations of the Group.

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VII. Opinions of the Independent Non-Executive Directors

The independent non-executive Directors are of the view that the change in the use of part of proceeds and establishment of new proceeds-funded projects is able to improve the usage efficiency of the proceeds of the Company, in line with the development strategy of the Company and in line with the common interests of the Company and all Shareholders. The decision-making procedures comply with the Guidelines for Self-Regulation of Listed Companies of Shenzhen Stock Exchange No. 1 – Standard Operation of Listed Companies on Main Board, the Guidelines for the Supervision and Administration on Listed Companies No. 2 – Supervision and Administration Requirements for Listed Companies on the Management and Use of Proceeds, and other relevant laws, regulations and normative documents, and will not prejudice the interests of the Company and Shareholders, especially minority Shareholders. The independent non-executive Directors present approved the proposal.

VIII. Review Opinions of the Supervisory Committee of the Company

The supervisory committee of the Company is of the view that the change in the use of part of proceeds and establishment of new proceeds-funded projects is in line with the actual situation, further operation and development needs of the Company and will not change the investment direction of the proceeds in a disguised way or prejudice the interests of Shareholders. It is conducive to the improvement of the usage 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 (2022 Revision), the Guidelines for Self-Regulation of Listed Companies of Shenzhen Stock Exchange No. 1 – Standard Operation of Listed Companies on Main Board, and other relevant laws, regulations and normative documents as well as the Articles of Association, and the Management Measures for Proceeds. The supervisory committee of the Company approved the proposal.

IX. Opinions of the A Share Sponsor

Upon verification, the sponsor of the A Share is of the view that the change in the use of part of proceeds and establishment of new proceeds-funded projects is in line with the actual situation and development needs of the Company, and conducive to the improvement of the usage 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 (2022 Revision), the Guidelines for Self-Regulation of Listed Companies of Shenzhen Stock Exchange No. 1 – Standard Operation of Listed Companies on Main Board, and other relevant laws, regulations. The sponsor of the A Share approved the proposal.

The resolution has been considered and approved by the Board on September 26, 2022 and is hereby proposed at the EGM and the H Shares Class Meeting for consideration and approval.

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PROPOSED CHANGE IN THE IMPLEMENTATION ENTITY, PROJECT NAME AND IMPLEMENTATION LOCATION OF SOME PROCEEDS-FUNDED PROJECTS

I. Introduction

In order to further expand the Company's small molecule R&D and production pipeline, the Company intends to invest in the construction of Phase I of Comprehensive Drug R&D and Production Base Project in Zhenjiang New Area, Jiangsu Province. During the preparation of the project, geological exploration was conducted and it was found that the geological conditions of the land could not meet the construction conditions of the project. After scientific demonstration and friendly negotiation with the relevant authorities in the jurisdiction, to ensure the effective implementation of the overall strategy of the Company and the orderly release of capacity, the Company intends to change the implementation entity, project name and implementation location of the proceeds-funded project: Phase I of Comprehensive Drug R&D and Production Base Project. The details are as follows:

	Before the change	After the change
Project name	Phase I of Comprehensive Drug R&D and Production Base Project	Biomedical R&D and Production Integration Base Project of Asymchem Pharmacy (Jiangsu) Co., Ltd.
Implementation entity	Asymchem Pharmaceuticals (Jiangsu) Co., Ltd.	Asymchem Pharmacy (Jiangsu) Co., Ltd.
Implementation location	New Material Industrial Park, Zhenjiang New Area, Jiangsu Province, China	Taixing Economic Development Zone, Jiangsu Province, China

For the use of the proceeds after the change of the implementation entity, project name and implementation location of the proceeds-funded projects, please refer to "Specific Scheme for the Change in the Use of Part of the Proceeds" in this circular.

II. Basic Information of the Project After the Change

(I) Basic information of the project after the change and investment plan

1. Project name: Biomedical R&D and Production Integration Base Project of Asymchem Pharmacy (Jiangsu) Co., Ltd.
2. Project implementation entity: Asymchem Pharmacy (Jiangsu) Co., Ltd.

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3. Project implementation location: Taixing Economic Development Zone, Jiangsu Province, China
4. Project construction period: According to the overall project planning, the project will be constructed by phases, and the overall construction period will be 36 months
5. Project investment amount: RMB2,309.39 million, including RMB1,849.39 million for fixed assets investment, and RMB460 million as initial working capital. The Company intends to use RMB1,000 million of the proceeds to implement the project, with the difference settled through self-financing of the Company
6. Project construction content: The project includes: construction of a number of multi-functional production workshops, a production control center and other R&D, production and environmental protection auxiliary facilities; purchase of 2,165 sets of production and R&D equipment and 48 sets of auxiliary equipment to meet the requirements of CDMO R&D and commercial production

(II) Basic information of the project implementation entity

Entity: Asymchem Pharmacy (Jiangsu) Co., Ltd.

Legal representative: Zheng Guoxi

Registered capital: RMB300 million

Business term: September 7, 2021 to September 6, 2041

Business scope: licensed items: drug production; import and export of drugs (for items subject to approval according to law, business activities can only be conducted after approval by relevant departments, and the specific business items shall be subject to the approval results); general items: commissioned production of drugs; medical research and experimental development; manufacturing of basic chemical raw materials (excluding manufacturing of licensed chemicals such as dangerous chemicals); technical services, technology development, technology consultation, technology exchange, technology transfer and technology promotion (except for items subject to approval according to law, business activities shall be independently conducted according to law with the business license)

Shareholder: 100% equity is held by the Company

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Financial position: Incorporated in September, 2021, Asymchem Pharmacy (Jiangsu) Co., Ltd. is currently in the preparatory period and has not yet actually started business

(III) Project feasibility analysis

1. Project background

With the development of the world economy, the growth of the total population and the aging of population, the scale of the pharmaceutical industry is constantly expanding. According to Frost & Sullivan Report, the global pharmaceutical market reached US\$1,298.8 billion in 2020 and is expected to reach US\$1,711.4 billion by 2025, growing at a CAGR of 5.7%. China is the largest emerging pharmaceutical market in the global pharmaceutical market. Under the joint promotion of the national encouragement of the development of innovative drug enterprises, the reform of new drug evaluation system, the implementation of MAH system, and the capital market's encouragement of the listing of innovative drug enterprises, the Chinese innovative drug market has shown a trend of growth spurt and become an important part of the global pharmaceutical market.

As a leading one-stop integrated CDMO solution provider in the global industry, the Company always implements all the standards with work specifications of high requirements, high standards and high quality, adheres to the world class cGMP quality control system and EHS management system, constantly improves the production management and project management ability, and builds the CDMO industry moat. The Company has established the “customer-oriented” business guideline in the global cooperative pharmaceutical network structure that has been formed for years and is improving constantly, and are recognized as a “trusted CDMO partner” in the industry. The Company can create value for global customers with different needs, meet the diverse needs of customers, and provide efficient and high-quality R&D and production services.

Relying on our green pharmaceutical technologies, which are regarded as the most cutting-edge technological solutions in the pharmaceutical manufacturing industry, such as continuous reaction technology and biological enzyme catalysis technology, the proceeds-funded project after the change, Biomedical R&D and Production Integration Base Project of Asymchem Pharmacy (Jiangsu) Co., Ltd., will create sustainable development mode of low energy consumption, low emission and high efficiency, further improve the existing comprehensive service capacity of R&D and production to a higher level and scale, and in the meantime greatly promote the R&D and marketing process of innovative drugs at home and abroad, including diabetes, cardiovascular and cerebrovascular diseases, immune system

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diseases and anti-tumor drugs. It is designed to improve the technical innovation ability of Chinese medicine industry, strengthen our competitiveness in international market, and promote the sustained and healthy development of Chinese medicine industry.

2. *Necessity analysis of project implementation*

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

The construction of the project is in line with national development plans and industrial policies such as the Outline of the National Strategy for Innovation-Driven Development and Made in China 2025, which is conducive to the improvement of national independent innovation and preparation capacities.

- ② The construction of the project will help accelerate the launch of innovative drugs for the treatment of many major diseases in our country and strengthen the international influence of China

Based on the advanced technologies of the Company, the project is designed to promote the transformation and application of the related technologies in the preparation of innovative drugs for the treatment of a variety of major diseases, so as to meet the needs for the prevention and treatment of major and recurring diseases in China and other regions. It is conducive to breaking the technological blockade of foreign pharmaceutical giants in the related innovative drug fields, accelerating the marketing process of innovative drugs, enhancing the innovative drug R&D and manufacturing technology in China, promoting local and nationwide pharmaceutical industry upgrading, and strengthening China's international influence.

- ③ The construction of the project is conducive to the promotion of the healthy and green development of Chinese pharmaceutical industry

Environmental problems have become significant factors restricting the rapid development of Chinese pharmaceutical industry. The implementation entity of the project set high standards at the beginning of project implementation and achieved the goals of safe production, cost reduction, efficiency improvement, reduction of three wastes discharge and energy consumption through continuous optimization of pharmaceutical process, quality improvement and EHS guarantee. It is a model of successful guidance of pharmaceutical process with green pharmaceutical technology, and will lead the development of pharmaceutical industry toward a healthier and more beautiful, green and environmental protection direction.

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(IV) Economic benefit analysis of the project

The project is expected to achieve an after-tax static investment payback period (including the construction period) of 7.58 years and an after-tax internal rate of return of 10.28%, the project offers good economic benefits.

(V) Filing, environmental impact assessment and other relevant procedures for the project

The Company obtained the enterprise investment project filing certificate (project code: 2202-321200-89-01-645278) from Taizhou Bureau of Administrative Examination and Approval in February 2022 for the changed proceeds-funded project, and obtained the real estate ownership certificate No. Su (2022) Taixing Real Estate Right No. 0018838. Other environmental impact assessments and construction approval procedures are under way.

III. Impact of the Change in the Implementation Entity, Project Name and Implementation Location of the Proceeds-funded Projects on the Company

The purpose for the change in the implementation entity, project name and implementation location of the proceeds-funded projects is to use the proceeds more scientifically, prudently and effectively, and effectively improve the use efficiency of the proceeds. The changed proceeds-funded project will be able to quickly supplement the urgently needed capacity and break through the bottlenecks of small molecule CDMO business, consolidate our market share in small molecule CDMO field, improve our overall profitability and provide a strong guarantee for the long-term robust development of the Company. The change is more 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.

IV. Opinions of the Independent Non-Executive Directors

The independent non-executive Directors are of the view that the change in the implementation entity, project name and implementation location of the proceeds-funded projects is able to improve the use efficiency of the proceeds of the Company, in line with the development strategy of the Company and in line with the common interests of the Company and all Shareholders. The decision-making procedures comply with the Guidelines for Self-Regulation of Listed Companies of Shenzhen Stock Exchange No. 1 – Standard Operation of Listed Companies on Main Board, the Guidelines for the Supervision and Administration on Listed Companies No. 2 – Supervision and Administration Requirements for Listed Companies on the Management and Use of Proceeds, and other relevant laws, regulations and normative documents, and will not prejudice the interests of the Company and Shareholders, especially minority Shareholders. The independent non-executive Directors present approved the proposal.

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V. Review Opinions of the Supervisory Committee of the Company

The supervisory committee of the Company is of the view that the change in the implementation entity, project name and implementation location of the proceeds-funded projects is in line with the actual situation, further operation and development needs of the Company and will not change the investment direction of the proceeds in a disguised way or prejudice the interests of Shareholders. It is conducive to the improvement of the usage 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 (2022 Revision), the Guidelines for Self-Regulation of Listed Companies of Shenzhen Stock Exchange No. 1 – Standard Operation of Listed Companies on Main Board, and other relevant laws, regulations and normative documents as well as the Articles of Association, and the Management Measures for Proceeds. The supervisory committee of the Company approved the proposal.

VI. Opinions of the A Share Sponsor

Upon verification, the sponsor of the A Share is of the view that the change in the implementation entity, project name and implementation location of the proceeds-funded projects is in line with the actual situation and development needs of the Company, and conducive to the improvement of the usage 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 (2022 Revision), the Guidelines for Self-Regulation of Listed Companies of Shenzhen Stock Exchange No. 1 – Standard Operation of Listed Companies on Main Board, and other relevant laws, regulations. The sponsor of the A Share approved the proposal.

The resolution has been considered and approved by the Board on September 26, 2022 and is hereby proposed at the EGM and the H Shares Class Meeting for consideration and approval.

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

On September 26, 2022, the Board of the Company has considered and approved (i) the “Proposal on the Repurchase and Cancellation of Part of the Restricted A Shares Initially Granted under the 2020 Restricted A Share Incentive Scheme” and (ii) the “Proposal on the Repurchase and Cancellation of Part of the Restricted A Shares Initially Granted under the 2021 Restricted A Share Incentive Scheme”, which agreed to repurchase and cancel a total of 48,300 restricted A Shares (being 67,620 restricted A Shares after the Capitalization Issue) granted but not yet unlocked under the A Share Incentive Schemes held by seven eligible participants who have resigned (the “**Repurchase and Cancellation**”).

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I. Information about the Repurchase and Cancellation

(I) Reasons for the Repurchase and Cancellation

As at the Latest Practicable Date, Zhu Zili, Shi Yali and Wang Yulin, each an eligible participant under the 2020 Restricted A Share Incentive Scheme, Chen Yihui and Xue Rui, each an eligible participant under the 2021 Restricted A Share Incentive Scheme, and Zhang Xin and Meng Fan, each an eligible participant under both the 2020 Restricted A Share Incentive Scheme and 2021 Restricted A Share Incentive Scheme, have all successively resigned from the Company, and none of them is 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 of the Repurchase and Cancellation is 48,300 restricted A Shares (being 67,620 restricted A Shares after the Capitalization Issue), among which, (i) 1,800 restricted A Shares (being 2,520 restricted A Shares after the Capitalization Issue) are held by Zhu Zili, Shi Yali and Wang Yulin, (ii) 40,500 restricted A Shares (being 56,700 restricted A Shares after the Capitalization Issue) are held by Chen Yihui and Xue Rui, and (iii) 6,000 restricted A Shares (being 8,400 restricted A Shares after the Capitalization Issue) are held by Zhang Xin and Meng Fan. Upon the completion of the Repurchase and Cancellation:

- (i) the total number of eligible participants of the 2020 Restricted A Share Incentive Scheme would be adjusted from 207 to 202 while the total number of restricted A Shares initially granted would be adjusted from 1,325,940 to 1,319,220 (taking into consideration the Capitalization Issue); and
- (ii) the total number of eligible participants of the 2021 Restricted A Share Incentive Scheme would be adjusted from 259 to 255 while the total number of restricted A Shares initially granted would be adjusted from 2,853,480 to 2,792,580 (taking into consideration the Capitalization Issue).

Upon completion of the Repurchase and Cancellation, the A Share capital of the Company would be adjusted from 342,431,205 A Shares to 342,363,585 A Shares (taking into account the Capitalization Issue).

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(III) Repurchase Price and Pricing Basis

Given the implementation of the 2021 profit distribution plan of the Company in relation to the A Shares has been completed on July 21, 2022, the repurchase price of restricted A Shares shall be adjusted accordingly pursuant to relevant terms of the A Share Incentive Schemes. Therefore, (i) the repurchase price of restricted A Shares initially granted under the 2020 Restricted A Share Incentive Scheme is adjusted to RMB82.26 per restricted A Share, and (ii) the repurchase price of restricted A Shares initially granted under the 2021 Restricted A Share Incentive Scheme is adjusted to RMB131.94 per restricted A Share.

(IV) Total Amount and Source of Funds for the Repurchase

A total of RMB8,587,933.20 of funds were utilized by the Company for the Repurchase and Cancellation. All funds required for the Repurchase and Cancellation are derived from our internal funds.

II. Table of Changes in the Company's Shareholding Structure Immediately Upon Completion of the Repurchase and Cancellation

Class of Shares	Immediately before the Repurchase and Cancellation ^(Note)		Immediately after the Repurchase and Cancellation ^(Note)	
	Number of Shares issued	Percentage of shareholding	Number of Shares issued	Percentage of shareholding
A Shares	342,431,205	92.55%	342,363,585	92.55%
H Shares	27,553,260	7.45%	27,553,260	7.45%
Total number of Shares	369,984,465	100.00%	369,916,845	100.00%

Note: Taking into account on the effect of the Capitalization Issue.

III. Impact of the Repurchase and Cancellation on the Company

The Repurchase and Cancellation will not affect the continued implementation of A Share Incentive Schemes. The number of restricted A Shares of the Repurchase and Cancellation will be adjusted for annual expense amortization based on the fair value determined on the grant date. The Repurchase and Cancellation 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 2022 annual results. The Repurchase and Cancellation 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 of the Company.

LETTER FROM THE BOARD

IV. Opinion of the Independent Non-executive Directors of the Company

The independent non-executive directors of the Company are of the view that Zhu Zili, Shi Yali and Wang Yulin, each an eligible participant under the 2020 Restricted A Share Incentive Scheme, Chen Yihui and Xue Rui, each an eligible participant under the 2021 Restricted A Share Incentive Scheme, and Zhang Xin and Meng Fan, each an eligible participant under both the 2020 Restricted A Share Incentive Scheme and 2021 Restricted A Share Incentive Scheme, have all resigned due to personal reasons, and therefore no longer meet the conditions for incentive. The Board decided to repurchase and cancel the restricted A shares granted but not yet unlocked, which complies with the Administrative Measures for the Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》) and the relevant terms of the A Share Incentive Schemes as well as relevant provisions of relevant laws and regulations. The reasons for, the repurchase number and repurchase price of the restricted A shares are legal and effective and have 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 impair the interests of the Company and the shareholders of the Company as a whole. Therefore, the independent non-executive directors of the Company agreed to the Repurchase and Cancellation by the Company.

V. Opinion of the Supervisory Committee of the Company

The Supervisory Committee of the Company are of the view that Zhu Zili, Shi Yali and Wang Yulin, each an eligible participant under the 2020 Restricted A Share Incentive Scheme, Chen Yihui and Xue Rui, each an eligible participant under the 2021 Restricted A Share Incentive Scheme, and Zhang Xin and Meng Fan, each an eligible participant under both the 2020 Restricted A Share Incentive Scheme and 2021 Restricted A Share Incentive Scheme, have all resigned due to personal reasons, and therefore no longer meet the conditions for incentive. The Board decided to repurchase and cancel the restricted A shares granted but not yet unlocked, which complies with the Administrative Measures for the Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》) and 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. Therefore, the Supervisory Committee of the Company agreed to the Repurchase and Cancellation.

VI. Legal Opinion from the PRC Legal Advisor of the Company

Lawyers from the PRC legal advisor of the Company, DeHeng Law Offices, are of the view that, as of the date of issuance of legal opinions, the Repurchase and Cancellation are in compliance with the PRC Company Law, the PRC Securities Law, the Administrative Measures for the Equity Incentives of Listed Companies (《上市公司股權激勵管理辦法》), the Guidelines for Handling Business of Listed Companies No. 9 (《上市公司業務辦理指南9號》), the Articles of Association and the relevant provisions of the A Share Incentive Schemes. The Company shall complete the deregistration procedures of the shares and perform the corresponding capital reduction procedures in accordance with the provisions of the PRC Company Law.

The resolution has been considered and approved by the Board on September 26, 2022 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, the Board has proposed the following amendments to the Articles of Association:

Before the amendment

Article 6 The registered capital of the Company is RMB264,274,618. The Company is a joint stock limited company with perpetual existence.

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.

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.

The latest shareholding structure of the Company is as follows: 264,274,618 ordinary shares, including 244,593,718 shares of domestically listed domestic shares (A share), accounting for approximately 92.55% of the total share capital of the Company; 19,680,900 shares of overseas-listed foreign shares (H shares), accounting for approximately 7.45% of the total share capital of the Company.

After the amendment

Article 6 The registered capital of the Company is RMB369,916,845. The Company is a joint stock limited company with perpetual existence.

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.

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.

The latest shareholding structure of the Company is as follows: 369,916,845 ordinary shares, including 342,363,585 shares of domestically listed domestic shares (A shares), accounting for approximately 92.55% of the total share capital of the Company; 27,553,260 shares of overseas-listed foreign shares (H shares), accounting for approximately 7.45% of the total share capital of the Company.

LETTER FROM THE BOARD

Before the amendment

Article 30 If the Company repurchases shares for reasons stipulated in (I) and (II) of the first paragraph of Article 27, it shall obtain approval by resolution of shareholders at general meeting; if the Company repurchases shares for reasons set out in (III), (V) and (VI) of the first paragraph of Article 27, it shall obtain approval by resolutions of the Board meeting attended by more than two-thirds of the directors in accordance with provisions of the Articles of Association or the authorization of the shareholders meeting.

Shares repurchased by the Company under (I) of the first paragraph of Article 27 hereof shall be cancelled within 10 days from the date of acquisition; the shares repurchased under (II) and (IV) of the first paragraph of Article 27 hereof shall be transferred or cancelled within 6 months; and the shares acquired by the Company in accordance with (III), (V) and (VI) of the first paragraph of Article 27 hereof shall not exceed 10% of the Company's total issued shares, and the shares acquired shall be transferred or cancelled within 3 years.

After the Company has repurchased shares according to laws, the repurchased shares shall be cancelled within the period prescribed by the relevant laws, administrative regulations and departmental rules, and an application shall be made to the original company registration authority for registration of change of registered capital. The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

Where relevant laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's share is listed have otherwise provisions on the relevant matters involved in the aforementioned share repurchase, those provisions shall prevail.

After the amendment

Article 30 If the Company repurchases shares for reasons stipulated in (I) and (II) of the first paragraph of Article 27, it shall obtain approval by resolution of shareholders at general meeting; if the Company repurchases shares for reasons set out in (III), (V) and (VI) of the first paragraph of Article 27, it shall obtain approval by resolutions of the Board meeting attended by more than two-thirds of the directors.

Shares repurchased by the Company under (I) of the first paragraph of Article 27 hereof shall be cancelled within 10 days from the date of acquisition; the shares repurchased under (II) and (IV) of the first paragraph of Article 27 hereof shall be transferred or cancelled within 6 months; and the shares acquired by the Company in accordance with (III), (V) and (VI) of the first paragraph of Article 27 hereof shall not exceed 10% of the Company's total issued shares, and the shares acquired shall be transferred or cancelled within 3 years.

After the Company has repurchased shares according to laws, the repurchased shares shall be cancelled within the period prescribed by the relevant laws, administrative regulations and departmental rules, and an application shall be made to the original company registration authority for registration of change of registered capital. The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

Where relevant laws, administrative regulations, departmental rules and securities regulatory rules of the place where the Company's share is listed have otherwise provisions on the relevant matters involved in the aforementioned share repurchase, those provisions shall prevail.

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 September 26, 2022 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 34 to 39 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 form 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, October 27, 2022 (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, October 25, 2022 to Friday, October 28, 2022 (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, October 28, 2022 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, October 24, 2022.

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
*Chairman of the Board, Executive Director
and Chief Executive Officer*

NOTICE OF THE FOURTH EXTRAORDINARY GENERAL MEETING OF 2022

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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 EXTRAORDINARY GENERAL MEETING OF 2022

NOTICE IS HEREBY GIVEN THAT the fourth extraordinary general meeting of 2022 (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, October 28, 2022 at No. 71, 7th Street, Economical – Technological Development Area, Tianjin, PRC for the following purposes of considering and, if deemed appropriate, approving the following resolutions.

ORDINARY RESOLUTIONS

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

1. The proposed project under the investment agreement entered into with the Management Committee of Taixing Economic Development Zone, Jiangsu Province;
2. The proposed change in the use of part of proceeds and establishment of new proceeds-funded projects; and
3. The proposed change in the implementation entity, project name and implementation location of some proceeds-funded projects.

SPECIAL RESOLUTIONS

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

4. The proposed repurchase and cancellation of part of restricted A Shares granted under the 2020 Restricted A Share Incentive Scheme;
5. The proposed repurchase and cancellation of part of restricted A Shares granted under the 2021 Restricted A Share Incentive Scheme; and
6. The proposed amendments to the Articles of Association.

NOTICE OF THE FOURTH EXTRAORDINARY GENERAL MEETING OF 2022

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, October 24, 2022. H Shareholders whose names appear on the register of members of the Company on Friday, October 28, 2022 shall be entitled to attend and vote at the EGM. The register of members of the Company will be closed from Tuesday, October 25, 2022 to Friday, October 28, 2022 (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
*Chairman of the Board, Executive Director, and
Chief Executive Officer*

Tianjin, PRC, October 10, 2022

As of the date of this notice, the Board of Directors of the Company comprises Dr. Hao Hong as the Chairman of the Board of Directors and executive Director, Ms. Yang Rui, Mr. Zhang Da, and Mr. Hong Liang as executive Directors, Dr. Ye Song and Ms. Zhang Ting as non-executive Directors, and Ms. Zhang Kun, Mr. Wang Qingsong and Mr. Lee, Kar Chung Felix as independent non-executive Directors.

NOTICE OF THE FOURTH EXTRAORDINARY GENERAL MEETING OF 2022

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 October 10, 2022.
- (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, October 27, 2022 (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 of directors 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 October 10, 2022.

NOTICE OF THE FOURTH H SHARES CLASS MEETING OF 2022

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



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 2022

NOTICE IS HEREBY GIVEN THAT the fourth H shares class meeting of 2022 (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, October 28, 2022 at No. 71, 7th Street, Economical – 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 repurchase and cancellation of part 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 2022

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, October 24, 2022. H Shareholders whose names appear on the register of members of the Company on Friday, October 28, 2022 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, October 25, 2022 to Friday, October 28, 2022 (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
*Chairman of the Board, Executive Director, and
Chief Executive Officer*

Tianjin, PRC, October 10, 2022

As of the date of this notice, the Board of Directors of the Company comprises Dr. Hao Hong as the Chairman of the Board of Directors and executive Director, Ms. Yang Rui, Mr. Zhang Da, and Mr. Hong Liang as executive Directors, Dr. Ye Song and Ms. Zhang Ting as non-executive Directors, and Ms. Zhang Kun, Mr. Wang Qingsong and Mr. Lee, Kar Chung Felix as independent non-executive Directors.

NOTICE OF THE FOURTH H SHARES CLASS MEETING OF 2022

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 October 10, 2022.
- (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, October 27, 2022 (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 of directors 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 October 10, 2022.