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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 ADOPTION OF THE EMPLOYEE SHARE OWNERSHIP PLAN AND ITS SUMMARY;
- (2) PROPOSED ADOPTION OF THE ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN;
- (3) PROPOSED AUTHORIZATION FOR THE BOARD TO HANDLE THE MATTERS IN RELATION TO THE EMPLOYEE SHARE OWNERSHIP PLAN;
- AND
- (4) NOTICE OF THE FIFTH EXTRAORDINARY GENERAL MEETING OF 2022

A letter from the Board is set out on pages 4 to 18 of this circular. Notice convening the EGM on Friday, December 16, 2022 at 2:00 p.m. to be held at No. 71, 7th Street, Economic – Technological Development Area, Tianjin, PRC, is set out on pages 84 to 86 of this circular and published and 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, 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 (i.e., not later than 2:00 p.m. on Thursday, December 15, 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 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

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:

- i. Compulsory body temperature check will be conducted on every Shareholder, proxy and other attendee at the entrance of the EGM venue. Any person with a body temperature of over 37.3 degrees Celsius may be denied entry into the EGM venue or be required to leave the EGM venue.
- ii. All attendees are required to complete and submit at the entrance of the EGM 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 venue or be required to leave the EGM venue.
- iii. All attendees displaying common cold or flu symptoms may be denied entry into the EGM venue or be required to leave the EGM venue.
- iv. All attendees are required to wear surgical face masks inside the EGM 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 venue or be required to leave the EGM 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 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 as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

November 28, 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 our Company, with a nominal value of RMB1.00 per share, which are listed for trading on the Shenzhen Stock Exchange and traded in Renminbi
“Administrative Measures for the Employee Share Ownership Plan”	the administrative measures for the 2022 Employee Share Ownership Plan (Draft) of Asymchem Laboratories (Tianjin) Co., Ltd. to be proposed for adoption by the Company at the EGM
“Articles of Association”	the articles of association of the Company, as amended from time to time
“Board”	the board of directors of the Company
“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
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	the China Securities Regulatory Commission of the People’s Republic of China and its local offices
“Director(s)”	the director(s) of the Company, from time to time
“Duration”	duration period for Employee Share Ownership Plan
“EGM”	the fifth extraordinary general meeting of 2022 of the Company to be held on Friday, December 16, 2022 at 2:00 p.m.
“Employee Share Ownership Plan” or “A Share Employee Share Ownership Plan”	the 2022 Employee Share Ownership Plan (Draft) of Asymchem Laboratories (Tianjin) Co., Ltd. to be proposed for adoption by the Company at the EGM
“Guiding Opinions”	the Guiding Opinions on the Pilot Implementation of Employee Share Ownership Plan by Listed Companies (《關於上市公司實施員工持股計劃試點的指導意見》)

DEFINITIONS

“H Share(s)”	the overseas listed foreign share(s) 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
“Holder(s)”	the holder(s) of the allocated units under the Employee Share Ownership Plan
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Management Committee”	a standing body of the Employee Share Ownership Plan, which is elected by the Holders of the Employee Share Ownership Plan at the Holders’ Meeting
“Notice of EGM”	the notice of the EGM dated November 28, 2022, a copy of which is set out on pages 84 to 86 of this circular
“Participant(s)”	Directors (excluding independent non-executive Directors), senior management and core technical (business) personnel of the Company who participate in the Employee Share Ownership Plan
“RMB”	Renminbi, the lawful currency of the PRC
“Securities Law”	the Securities Law of the People’s Republic of China
“Self-regulatory Guidance No. 1”	the Guidance No. 1 of Shenzhen Stock Exchange on Self-regulation by Listed Companies – the Standardized Operation of Listed Companies on the Main Board (《深圳證券交易所上市公司自律監管指引第1號—主板上市公司規範運作》)
“SFC”	the Securities and Futures Commission of Hong Kong
“Share(s)”	comprising H Shares and A Shares of the Company

DEFINITIONS

“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
“Supervisory Committee”	the supervisory committee of the Company
“SZSE Listing Rules”	the Rules Governing the Listing of Stocks on the Shenzhen Stock Exchange
“Target Shares”	ordinary A Shares of Asymchem
“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

November 28, 2022

To the Shareholders

Dear Sir or Madam,

- (1) PROPOSED ADOPTION OF THE EMPLOYEE SHARE OWNERSHIP PLAN AND ITS SUMMARY;
- (2) PROPOSED ADOPTION OF THE ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN;
- (3) PROPOSED AUTHORIZATION FOR THE BOARD TO HANDLE THE MATTERS IN RELATION TO THE EMPLOYEE SHARE OWNERSHIP PLAN;
- AND
- (4) NOTICE OF THE FIFTH EXTRAORDINARY GENERAL MEETING OF 2022

INTRODUCTION

Reference is made to the announcement of the Company dated November 17, 2022, in relation to the proposed adoption of the Employee Share Ownership Plan.

The purpose of this circular is to provide the Shareholders with information in respect of the resolutions to be proposed at the EGM to be held on Friday, December 16, 2022 to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM. For the details of the proposed resolutions at the EGM, please also refer to the notice of the EGM enclosed with this circular.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE EMPLOYEE SHARE OWNERSHIP PLAN AND ITS SUMMARY

I. Purpose

The Company has formulated the Employee Share Ownership Plan in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidance No.1 and other relevant laws, administrative regulations, departmental rules, regulatory documents and the Articles of Association. The employees of the Company shall participate in the Employee Share Ownership Plan on a voluntary, legal and compliant basis. The Company implements the Employee Share Ownership Plan in a bid to establish and refine the benefit sharing mechanism between the employees and Shareholders, enhance the corporate governance level, increase the employees' cohesion and competitiveness of the Company, arouse employees' enthusiasm and creativity and promote the long-term, sustainable and healthy development of the Company.

II. Basis for Determining the Eligibility of Participants for the Employee Share Ownership Plan and Allocation of Units

Legal Basis for Determining the Eligibility of Participants

The Holders are determined according to the relevant provisions of the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidance No.1 and other relevant laws, administrative regulations, departmental rules, regulatory documents and the Articles of Association.

All the Holders shall enter into labor contracts or service contracts with the Company. Employees of the Company shall participate in the Employee Share Ownership Plan in accordance with laws and regulations on a voluntary basis and at their own risk.

Position Basis for Determining the Eligibility of Participants

The Participants must be a Director (excluding independent non-executive Directors), or a member of the senior management or core technical (business) personnel of the Company.

List of the Holders and Allocation of Units

The total number of the Participants does not exceed 608 in aggregate, including four Directors (excluding independent non-executive Directors) and six senior management members. The final Participants are determined based on the actual payments to the Employee Share Ownership Plan.

LETTER FROM THE BOARD

The corresponding allocation and proportion of units of the Holders are shown in the following table:

Holders	Number of units (10 thousand)	Proportion of the Employee Share Ownership Plan (%)	The number of Target Shares corresponding to the acquired units (10 thousand)
Yang Rui (Director, Co-Chief Executive Officer)	525.00	3.37%	15
Zhang Da (Director, Chief Financial Officer)	700.00	4.49%	20
Xinhui Hu (Chief Technology Officer, Chief Commercial Officer)	980.00	6.29%	28
Hong Liang (Director, Executive Vice President)	525.00	3.37%	15
Chen Chaoyong (Executive Vice President)	525.00	3.37%	15
Jiang Yingwei (Executive Vice President)	420.00	2.69%	12
Xiao Yi (Senior Vice President)	70.00	0.45%	2
Zhou Yan (Vice President)	280.00	1.80%	8
Xu Xiangke (Vice President, Secretary to the Board)	280.00	1.80%	8
Zhang Ting (Director)	175.00	1.12%	5
Core technical (business) personnel of the Company (totaling 598 staffs)	11,111.80	71.27%	317.48
Total	15,591.80	100.00%	445.48

Note: The final number of units of the Employee Share Ownership Plan to be subscribed for by the Participants is subject to their final payments.

LETTER FROM THE BOARD

III. Size and Source of Target Shares, Source of Funds and Purchase Price Under the Employee Share Ownership Plan

Size and Source of Target Shares

The size of the Target Shares under the Employee Share Ownership Plan shall not exceed 4,454,800 A Shares, representing no more than 1.20% of the total share capital of the Company as of the date of this circular. The source of the Target Shares under the Employee Share Ownership Plan shall be the A Shares repurchased in the secondary market by the Company through the Company's designated account for share repurchase based on the authorization granted at the 27th meeting of the fourth session of the Board held on August 3, 2022 and the third extraordinary general meeting of 2022 of the Company, the third A Shares class meeting of 2022 of the Company and the third H Shares class meeting of 2022 of the Company held on September 2, 2022. Upon the implementation of the Employee Share Ownership Plan, the total number of all valid Target Shares under the Employee Share Ownership Plan shall not exceed 10% of the total share capital of the Company, and the total number of Shares corresponding to the entitlements of a single Holder shall not exceed 1% of the total share capital of the Company (excluding the Shares acquired by the employees before the initial public offering of the Company, through self-purchase in the secondary market or through equity incentives). The Company will also ensure sufficient public float at all times that will not result in a non-compliance of the Company's shareholding distribution with the requirements of the Listing Rules and the SZSE Listing Rules.

Source of Funds

The source of funds of the Employee Share Ownership Plan shall be the legitimate remuneration of employees of the Company, their self-raised funds and other methods permitted by laws and regulations. The Company shall not provide financial assistance such as advances, guarantees and loans to the Participants in any way. Under the Employee Share Ownership Plan, the Company has not applied any leveraged funds and there is no arrangement for any third party to provide rewards, subsidies or guarantees for employees to participate in the Employee Share Ownership Plan. The total amount of funds to be raised under the Employee Share Ownership Plan shall be no more than RMB155,918,000 subscribed for and held in units, and each unit is equal to RMB1.00. The maximum number of units under the Employee Share Ownership Plan shall not exceed 155,918,000 units. The Holders shall pay the subscription funds in full on time in accordance with the units to be subscribed for and the time for payment shall be arranged by a unified notice of the Company. If the subscription funds of the Holders are not paid in full on time, the corresponding subscription rights shall lapse automatically, and other eligible Participants may apply for the units to be subscribed for. The Management Committee may make adjustment to the list of Participants and the number of units to be subscribed for according to the actual payments by the employees.

LETTER FROM THE BOARD

Purchase Price

The Employee Share Ownership Plan intends to acquire the A Shares held by the Company's account designated for share repurchase through non-trading transfer and other means permitted by laws and regulations, with the transfer price of RMB35.00 per share, which is equivalent to 22.89% of the average transaction price of the repurchased A Shares as of the announcement of the Employee Share Ownership Plan. On the basis of compliance with laws and regulations, the Company determined the purchase price of the repurchased A Shares by the Employee Share Ownership Plan in light of the actual demand and the competitive environment of the industry, while taking into account the reasonable costs required for the implementation and the purpose of the incentives of the Employee Share Ownership Plan. Such pricing is reasonable and does not prejudice the interests of the Company and all Shareholders as a whole.

IV. Duration and Lock-Up Period of the Employee Share Ownership Plan

Duration

The Duration is 54 months, commencing from the date when the Company announces that the last batch of the Target Shares has been transferred to the Employee Share Ownership Plan.

The Employee Share Ownership Plan will automatically terminate upon the expiry of the Duration if it is not renewed. After the expiry of the Duration, if all the assets held by the Employee Share Ownership Plan are monetary assets, it may be terminated early. Apart from the automatic termination and early termination as stated above, the Employee Share Ownership Plan during the Duration may be terminated upon the consent of the Holders attending the Holders' Meeting representing more than two-thirds of the units held, which will be submitted to the Board for consideration and approval, and relevant resolutions shall be disclosed in due course.

Provided that all the A Shares have not been sold or transferred to the Holders one month before the expiry of the Duration, or the A Shares held by the Employee Share Ownership Plan cannot be fully disposed of before the expiry of the Duration due to suspension of trading of the A Shares or short window period, the Duration may be extended upon the consent of the Holders attending the Holders' Meeting representing more than two-thirds of the units held, which will be submitted to the Board for consideration and approval.

The Company shall disclose an informative announcement six months prior to the expiry of the Duration, stating the number of A Shares and the percentage thereof of the total share capital of the Company held by the Employee Share Ownership Plan which is about to expire. The Company shall, no later than the expiry of the Duration, disclose the number of A Shares held by the expired Employee Share Ownership Plan and the percentage thereof of the total share capital of the Company at the expiry of the Duration,

LETTER FROM THE BOARD

and the disposal arrangements upon expiry. If an extension is proposed, the Company shall explain the differences from those prior to the Duration according to the disclosure requirements under the Self-regulatory Guidance No.1 and perform the corresponding review procedures and disclosure obligations in accordance with the provisions of the Employee Share Ownership Plan.

The Lock-Up Period

The lock-up period of the Employee Share Ownership Plan shall be as follows:

- (a) the lock-up period of the first batch of the Target Shares, accounting for 40% of the total A Shares of the Employee Share Ownership Plan, shall be 12 months commencing from the date on which the Company announces that the last batch of the Target Shares has been transferred to the Employee Share Ownership Plan;
- (b) the lock-up period of the second batch of the Target Shares, accounting for 30% of the total A Shares of the Employee Share Ownership Plan, shall be 24 months commencing from the date on which the Company announces that the last batch of the Target Shares has been transferred to the Employee Share Ownership Plan; and
- (c) the lock-up period of the third batch of the Target Shares, accounting for 30% of the total A Shares of the Employee Share Ownership Plan, shall be 36 months commencing from the date on which the Company announces that the last batch of the Target Shares has been transferred to the Employee Share Ownership Plan.

During the lock-up period, A Shares derived from any bonus issue and conversion of capital reserve into share capital of the Company shall also be locked up with the same lock-up period as their original A Shares.

Participants have also undertaken the following additional lock-up period of the Employee Share Ownership Plan voluntarily with details as follows:

- (a) All the Holders have voluntarily undertaken not to allocate the interests of the Target Shares in any form, which have satisfied the unlocking conditions, within three months from the date of expiry of the lock-up period of each batch;
- (b) On the basis of the arithmetic average of the closing market value of the Company for the 20 trading days prior to the consideration of the Employee Share Ownership Plan by the Board, namely RMB54.889 billion, if the growth rate of the arithmetic average of the closing market value of the Company for the 20 trading days before the expiry of the additional three-month lock-up

LETTER FROM THE BOARD

period following the expiry of the lock-up period of each batch is less than 45%, 55% and 65%, respectively, then the corresponding batch of the Target Shares shall be locked up within another three months after the expiry of the additional lock-up period; and

- (c) Upon the expiry of the additional lock-up period and prior to the expiry of the Duration, the Employee Share Ownership Plan shall decide whether to dispose the A Shares and handle all disposals satisfying the unlocking conditions with each batch in accordance with the arrangements of the Employee Share Ownership Plan and the prevailing market conditions.

Performance Appraisals of the Employee Share Ownership Plan

The appraisal of the Employee Share Ownership Plan for unlocking the Target Shares in terms of the performance of the Company involves three financial years from 2023 to 2025, and the appraisal shall be conducted in an annual manner. Each unlocking stage is subject to the performance targets of the Company in the corresponding year with details as follows:

Year of appraisal	Target of performance appraisal
2023	On the basis of the operating revenue in 2021, the growth rate of the Company's operating revenue in 2023 shall be no less than 80.00%
2024	On the basis of the operating revenue in 2021, the growth rate of the Company's operating revenue in 2024 shall be no less than 120.00%
2025	On the basis of the operating revenue in 2021, the growth rate of the Company's operating revenue in 2025 shall be no less than 150.00%

Note: The indicator of operating revenue in 2021 and the indicators of operating revenue growth from 2023 to 2025 as stated above are calculated after excluding the Company's operating revenue in 2021 generated from the three orders as disclosed under the Announcements on Entering Into Significant Contracts of Daily Operating of Asymchem Laboratories (Tianjin) Co., Ltd. (announcement no. 2021-115, 2021-125 and 2022-018, respectively) on Shenzhen Stock Exchange.

LETTER FROM THE BOARD

The Employee Share Ownership Plan is intended to conduct performance appraisal on individuals in accordance with relevant regulations of performance appraisals of the Company. The unlocking factors depending on the result of individual performance appraisal are detailed as follows:

Appraisal Results	Excellent	Good	Pass	Fail
Level	A	B	C	D
Unlocking factor	1.0	0.8	0.6	0

The number of A Shares to be unlocked in the current period equals to the target number of underlying A Shares to be unlocked times the corresponding unlocking factor, among which, the target number of underlying A Shares to be unlocked is a portion of unlocked A Shares attributable to the Holders under the batch that the Company satisfied the performance appraisal indicators.

During the Duration, the Management Committee shall have the power to withdraw the outstanding A Shares of the Holders whose performance has not satisfied the requirements of performance appraisal after the expiry of the relevant lock-up period, and shall have the power to decide whether the withdrawn A Shares shall be allocated to other employees who are eligible to participate in the Employee Share Ownership Plan. The Management Committee will determine the transfer of such A Shares in sole discretion according to the actual situation and subject to the relevant restrictions, including whether such A Shares shall be transferred to other qualified employees, allocation of units, transfer price, lock-up period and performance appraisal. If the allocation of such portion is not completed during the Duration, the unallocated portion will be disposed of by the Management Committee when appropriate during the Duration after the unlocking date, and the Company shall return to the Holders the lower of the original capital contribution and the sales income of the corresponding units. If there is still income after the return to the Holders, the income shall be attributed to the Company.

V. Measures for Disposal of Interests Under the Employee Share Ownership Plan

During the Duration, unless otherwise stipulated by laws, administrative regulations, departmental rules or with the consent of the Management Committee, the units held by the Holders shall not be withdrawn, transferred or used for mortgage, pledge, guarantee, repayment of debts or other similar disposal without authorization.

During the Duration, in the event that: (1) the Holder's position in the Company (including its branches and subsidiaries) changes; (2) the Holder resigns because of incapacity due to work-related injury; (3) the Holder departs from the Company due to retirement; or (4) other circumstances appear as determined by the Management Committee, the rights and interests under the Employee Share Ownership Plan held by the Holder shall not be changed. In the event of death of the Holder due to the performance of his/her duties during the Duration, the rights and interests of the Holder under the Employee Share Ownership Plan shall remain unchanged and shall continue to be enjoyed by their lawful successors, and the Management Committee may decide that its individual performance appraisal conditions are no longer included in the unlocking conditions.

LETTER FROM THE BOARD

During the Duration, the Management Committee may decide to withdraw the units subscribed for by the Holders but not unlocked under the Employee Share Ownership Plan under the following circumstances: (1) change in position of the Holder due to incompetence, violation of law, violation of professional ethics, breach of confidentiality, negligence of duty or malfeasance, etc., resulting in damage to the interests or reputation of the Company, or the termination of the labor relationship by the Company with the Holder due to the foregoing reasons; (2) retirement of the Holder due to loss of working ability for reasons other than work-related injury; (3) the death of the Holder for reasons other than the performance of his duties; or (4) other circumstances as determined by the Management Committee. If the Holder resigns voluntarily or because of layoffs of the Company, the units subscribed for but not unlocked under the Employee Share Ownership Plan shall not be unlocked, and shall be withdrawn by the Management Committee in accordance with the provisions of the Employee Share Ownership Plan.

For the units withdrawn by the Management Committee as aforementioned, the Management Committee shall have the power to decide whether to allocate such units to other employees, and such employees shall be eligible to participate in the Employee Share Ownership Plan. If such units are not allocated within the Duration, the unallocated portion shall be disposed of by the Company when appropriate during the Duration after the unlocking date, and the Company shall return to the Holders the lower of the original capital contribution and the sales income of the corresponding units. If there is still income after the return to the Holders, the income shall be attributed to the Company.

Liquidation of the Employee Share Ownership Plan shall be completed upon the expiry or within 30 business days after the early termination. The Management Committee shall, after deducting the relevant expenses, allot the assets of the Employee Share Ownership Plan in the form of monetary assets according to the proportion of the units held by the Holders to the total units.

VI. Restrictions on Dealing in a Shares Under the Employee Share Ownership Plan

The Holders shall not deal in the A Shares under the Employee Share Ownership Plan during the following periods:

- (1) within 30 days prior to the publication of annual reports and interim reports of the Company, or from 30 days prior to the original date of announcement to one day before the final date of announcement if the date of announcement is postponed due to special reasons;
- (2) within ten days before the publication of quarterly reports, results forecasts or preliminary results announcements;
- (3) from the date of any material events that may have a material impact on the trading price of the Company's A Shares or its derivative products or the date of entering into the process of decision making to the day of the disclosure of the same in accordance with the law; and
- (4) other periods as stipulated by the CSRC, the SFC, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange.

LETTER FROM THE BOARD

All relevant parties under the Employee Share Ownership Plan must strictly abide by the market trading rules and comply with the requirement that no Shares can be traded during the information sensitive period. All parties must not exploit the Employee Share Ownership Plan for insider dealing, market manipulation and other security frauds.

VII. Management Mode of the Employee Share Ownership Plan

The Board is responsible for formulating and amending the draft of the Employee Share Ownership Plan, which is subject to the consideration and approval by the general meeting of the Company. The Board will handle other relevant matters of the Employee Share Ownership Plan within the scope authorized by the general meeting of the Company.

The Supervisory Committee is responsible for verifying the list of the Holders, and providing their opinions on whether the Employee Share Ownership Plan is conducive to the sustainable development of the Company, whether it will harm the interests of the Company and Shareholders as a whole, whether employees' opinions on the plan have been sought before launch, and whether there is any situation where employees are forced to participate in the Employee Share Ownership Plan by apportionment, forced allocation or other means.

The independent non-executive Directors are responsible for giving independent opinions on whether the Employee Share Ownership Plan is conducive to the sustainable development of the Company, whether it will harm the interests of the Company and Shareholders as a whole, whether employees' opinions on the plan have been sought before launch, and whether there is any situation where employees are forced to participate in the Employee Share Ownership Plan by apportionment, forced allocation or other means.

The internal management authority of the Employee Share Ownership Plan is the Holders' Meeting, and the Management Committee is formed upon the election at the Holders' Meeting. The Management Committee, comprising five members, whose terms of office are the same as the Duration, is responsible for the daily management of the Employee Share Ownership Plan. The Management Committee will exercise or authorize the management agency to exercise all the Shareholders' rights except for voting rights on behalf of all the Holders, and perform the daily management function of the Employee Share Ownership Plan as authorized by the Holders. During the Duration, the Holders are entitled to attend the Holders' Meeting and exercise their voting rights corresponding to the number of A Shares held with respect to the matters to be considered.

During the Duration, any changes to the Employee Share Ownership Plan shall be implemented upon the approval of the Holders of more than two-thirds of the units present at the Holders' Meeting, and shall be submitted to the Board for consideration and approval. Where there is any change in the de facto controller of the Company (as defined in the SZSE Listing Rules) for any reason, or merger or division, the Employee Share Ownership Plan shall not be changed.

LETTER FROM THE BOARD

The Employee Share Ownership Plan shall be administered by the Company itself upon the approval of the general meeting. The cash assets injected by the Participants at the establishment of the Employee Share Ownership Plan are mainly used to subscribe for the A Shares, and part of the funds can be invested in liquid assets. The properties and gains obtained from the management, used under the Employee Share Ownership Plan or otherwise shall be included in the assets of the Employee Share Ownership Plan. The Company may, depending on its implementation, engage professional institutions with relevant qualifications to provide consulting, management and other services for the Employee Share Ownership Plan.

The Holders are entitled to the asset income rights of the A Shares held by the Employee Share Ownership Plan according to the actual capital contribution. The Employee Share Ownership Plan shall voluntarily waive the voting rights to the A Shares it held. The corresponding A Shares obtained by the Holders through the Employee Share Ownership Plan shall be entitled to Shareholders' rights other than the voting rights in the general meeting (including dividend rights, rights issue, rights of conversion of capital reserve into A Shares and other asset income rights).

VIII. Distribution of Rights and Interests During the Duration

During the lock-up period, (1) the Holders shall not require the distribution of rights and interests of the Employee Share Ownership Plan; (2) in the event of conversion of capital reserve into share capital and bonus issue by the Company, the A Shares newly acquired by the Employee Share Ownership Plan from holding the A Shares shall also be locked up and shall not be sold in the secondary market or otherwise transferred, the unlocking date of which shall be the same as the corresponding A Shares; and (3) in the event of distribution of dividends by the Company, the cash dividends received by the Employee Share Ownership Plan from holding the A Shares shall be considered as monetary assets of the Employee Share Ownership Plan and will not be distributed, the distribution of which shall be determined by the Management Committee after the end of relevant lock-up period and during the Duration.

After the end of lock-up period and during the Duration, (1) the Management Committee shall, pursuant to the authorization of the Holders' meeting, sell the corresponding Target Shares when appropriate during the Duration after the unlocking date, and shall decide whether to distribute the income corresponding to the Employee Share Ownership Plan. Where the distribution is decided, the Holders' meeting shall authorize the Management Committee to distribute the income corresponding to the Employee Share Ownership Plan according to the respective proportion of actual payments by the Holders after deducting relevant taxes and fees in accordance with the law; and (2) in the event of distribution of dividends by the Company, the cash dividends received by the Employee Share Ownership Plan from holding the A Shares shall be considered as monetary assets of the Employee Share Ownership Plan.

During the Duration, (1) when the Employee Share Ownership Plan acquires cash or other distributable income from selling the Target Shares it held, it can distribute the income each accounting year, and the Management Committee shall distribute the income according to the respective proportion of payments by the Holders to the Employee Share Ownership Plan after deducting relevant taxes and fees and payables of the plan in accordance with the law; and (2) when the Company raises funds through placing of Shares, issue of new Shares, issue of convertible bonds or other financing methods, the Management Committee shall decide whether the Employee Share Ownership Plan shall participate and the detailed participation proposals.

LETTER FROM THE BOARD

Directors' Confirmation

The Board considers that the terms of the Employee Share Ownership Plan are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Ms. Yang Rui, Mr. Zhang Da, Mr. Hong Liang and Ms. Zhang Ting, being the Participants and the Directors, are considered to have material interest in the Employee Share Ownership Plan and have abstained from voting on relevant Board resolutions due to conflict of interests with the Employee Share Ownership Plan. The related Shareholders (as defined in the SZSE Listing Rules) shall abstain from voting when considering and approving the relevant proposals of the Employee Share Ownership Plan at the general meeting. The Holders will waive the voting rights to A Shares of the Company they held indirectly through their participation in the Employee Share Ownership Plan. In addition, the Employee Share Ownership Plan will maintain independent from controlling Shareholders, de facto controllers (as defined in the SZSE Listing Rules), Directors and senior management of the Company in respect of relevant operations, therefore the Employee Share Ownership Plan does not act in concert with the abovementioned personnel. Save as disclosed above, none of the Directors has abstained from voting on the relevant Board resolutions due to their eligible participation in the Employee Share Ownership Plan, and none of the Directors has material interest in the Employee Share Ownership Plan.

Listing Rules Implications

The Employee Share Ownership Plan is a discretionary employee share ownership plan of the Company and does not involve the grant of options to issue new Shares or any other new securities of the Company and does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules.

In the Employee Share Ownership Plan, Ms. Yang Rui, Mr. Zhang Da, Mr. Hong Liang and Ms. Zhang Ting, being Participants and the Directors of the Company, are connected persons of the Company. However, the A Shares to be subscribed for and obtained by them under the Employee Share Ownership Plan constitute a part of the remuneration package under their respective service contracts with the Company. Therefore, according to Rule 14A.73(6) and Rule 14A.95 of the Listing Rules, their participation in the Employee Share Ownership Plan is fully exempted from the requirements of reporting, announcement and independent Shareholders' approval. Save for the aforesaid Directors, none of the Participants are connected persons of the Company or an associate of such person. The Company will also make sure that it will comply with the public float requirement under the Listing Rules.

Details of the Employee Share Ownership Plan (Draft) are set out in Appendix I to this circular.

The proposed adoption of the Employee Share Ownership Plan and its summary has been considered and approved by the Board on November 17, 2022 and is hereby proposed at the EGM for consideration and approval.

LETTER FROM THE BOARD

PROPOSED ADOPTION OF THE ADMINISTRATIVE MEASURES FOR THE EMPLOYEE SHARE OWNERSHIP PLAN

In order to ensure the smooth and effective implementation of the Employee Share Ownership Plan, the Board has formulated the Administrative Measures for the Employee Share Ownership Plan in accordance with the provisions and requirements of laws, regulations and regulatory documents such as the Guiding Opinions.

Details of the Administrative Measures for the Employee Share Ownership Plan are set out in Appendix II to this circular.

The proposed adoption of the Administrative Measures for the Employee Share Ownership Plan has been considered and approved by the Board on November 17, 2022 and is hereby proposed at the EGM for consideration and approval.

PROPOSED AUTHORIZATION FOR THE BOARD TO HANDLE THE MATTERS IN RELATION TO THE EMPLOYEE SHARE OWNERSHIP PLAN

In order to implement the Employee Share Ownership Plan on a legal, efficient and orderly basis, the Board has agreed to propose at the EGM authorization for the Board to solely handle specific matters in relation to the Employee Share Ownership Plan within the scope of relevant laws, regulations and regulatory documents, including but not limited to:

1. Authorizing the Board to handle the establishment, change and termination of the Employee Share Ownership Plan;
2. Authorizing the Board to decide on the extension and early termination of the Employee Share Ownership Plan;
3. Authorizing the Board to handle all matters in relation to the transfer, lock-up and unlocking of the Shares purchased under the Employee Share Ownership Plan;
4. Authorizing the Board to interpret the Employee Share Ownership Plan (Draft) and its summary;
5. Authorizing the Board to decide on matters in relation to the refinancing issues, such as participation of the Employee Share Ownership Plan during the Duration in the placing of Shares, issue of new Shares and issue of convertible bonds of the Company and etc;
6. Authorizing the Board to change the Participants and the basis for determining the eligibility of the Participants;
7. Authorizing the Board to sign the contracts, agreements and documents in relation to the Employee Share Ownership Plan;

LETTER FROM THE BOARD

8. Authorizing the Board to make corresponding amendments and improvements to the Employee Share Ownership Plan when relevant laws, regulations and policies change;
9. Authorizing the Board to engage professional institutions with relevant qualifications to provide consulting, management and other services for the Employee Share Ownership Plan according to the implementation of the Employee Share Ownership Plan, and to make decisions on its selection and change; and
10. Authorizing the Board to handle other necessary matters required for the Employee Share Ownership Plan, except for the rights to be exercised by the general meeting as expressly stipulated in the relevant documents.

The Board may further authorize the Management Committee to handle the aforementioned matters in relation to the Employee Share Ownership Plan subject to the applicable laws. The above authorization shall be valid from the date of approval at the EGM to the date of completion of the liquidation of the Employee Share Ownership Plan.

The proposed authorization for the Board to handle the matters in relation to the Employee Share Ownership Plan has been considered and approved by the Board on November 17, 2022 and is hereby proposed at the EGM for consideration and approval.

EGM AND PROXY ARRANGEMENT

Notice convening the EGM is set out on pages 84 to 86 of this circular and published and 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 is enclosed with this circular.

To be valid, whether or not you are able to attend the EGM, 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 (i.e., not later than 2:00 p.m. on Thursday, December 15, 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 if you so wish.

For the purpose of determining the H Shareholders entitled to attend and vote at the EGM, the register of members of the H Shares has been scheduled to close from Tuesday, December 13, 2022 to Friday, December 16, 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, December 16, 2022 shall be entitled to attend and vote at the EGM.

LETTER FROM THE BOARD

In order to be eligible to attend and vote at the EGM, 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, December 12, 2022.

In accordance with the Listing Rules, any vote of Shareholders at the EGM will be taken by poll.

GENERAL

To the best of the Directors' knowledge, information and belief, the related Shareholders (as defined in the SZSE Listing Rules), including Tianjin Guorong Business Information Co., Ltd. (天津國榮商務信息諮詢有限公司), Mr. Zhang Da, Dr. Xiao Yi, Mr. Jiang Yingwei, Mr. Xu Xiangke, Mr. Chen Chaoyong and Dr. Zhou Yan, are required to abstain from voting on the above resolutions at the EGM.

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 notice of the EGM 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.

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

Asymchem Laboratories (Tianjin) Co., Ltd.

**THE 2022 EMPLOYEE
SHARE OWNERSHIP PLAN (DRAFT)**

NOVEMBER 2022

RESPONSIBILITY STATEMENT

The Company and all members of the Board guarantee that there are no false records, misleading statements or material omissions in the Employee Share Ownership Plan (Draft), and that they accept joint and several legal responsibilities for the authenticity, accuracy and completeness thereof.

RISK WARNING

1. The Employee Share Ownership Plan will not be implemented until approved at the general meeting of the Company. It is uncertain whether the Employee Share Ownership Plan can be approved at the general meeting of the Company.
2. The specific sources of the funds, contribution ratio, and implementation plan of the Employee Share Ownership Plan are preliminary, and it is uncertain whether the implementation can be completed.
3. If the total amount of the employee's payments for subscription is low, the Employee Share Ownership Plan may not be established; if the total amount is insufficient, the scale of the Employee Share Ownership Plan may be lower than the estimated scale.
4. The Company will disclose relevant progress in accordance with relevant regulations in the future. Investors are advised to exercise caution when making decisions and pay attention to investment risks.

SPECIAL REMINDER

1. The 2022 Employee Share Ownership Plan (Draft) of Asymchem Laboratories (Tianjin) Co., Ltd. (hereinafter referred to as the “Employee Share Ownership Plan”) is formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China (hereinafter referred to as the “Securities Law”), the Guiding Opinions on the Pilot Implementation of Employee Share Ownership Plan by Listed Companies (hereinafter referred to as the “Guiding Opinions”), the Guidance No. 1 of Shenzhen Stock Exchange on Self-regulation by Listed Companies – the Standardized Operation of Listed Companies on the Main Board (hereinafter referred to as the “Self-regulatory Guidance No.1”) and other relevant laws, administrative regulations, rules, regulatory documents and the Articles of Association.
2. The Employee Share Ownership Plan follows the principles of legal compliance, voluntary participation, and self-bearing of risks. There is no apportionment or forced distribution.
3. Participants of the Employee Share Ownership Plan are the Directors (excluding independent Directors) and members of senior management and core technical (business) personnel of the Company. The total number of the Participants of the Employee Share Ownership Plan does not exceed 608 in aggregate, among which there are ten Directors (excluding independent Directors) and members of senior management. The actual number depends on the actual payments for subscription paid by employees.

The Board of the Company can adjust the list of employees participating in the Employee Share Ownership Plan and the distribution ratio based on staff changes and staff appraisals.

4. The Employee Share Ownership Plan intends to acquire the A Shares held by the Company’s designated account for share repurchase through non-trading transfer and other means permitted by laws and regulations, with the transfer price of RMB35.00 per share.
5. The total amount of funds to be raised under the Employee Share Ownership Plan shall be no more than RMB155,918,000 to be subscribed and held at one unit each, and each unit is equal to RMB1.00. The maximum number of units under the Employee Share Ownership Plan shall not exceed 155,918,000 units. The final amount of units subscribed is determined by the actual payments for subscription.

The source of funds of the Employee Share Ownership Plan shall be the legitimate remuneration of employees of the Company, their self-raised funds and other methods permitted by laws and regulations. The Company shall not provide financial assistance such as advances, guarantees and loans to the Participants in any way. Under the Employee Share Ownership Plan, the Company has not applied any leveraged funds and there is no arrangement for any third party to provide rewards, subsidies or guarantees for employees’ participation in the Employee Share Ownership Plan.

6. The Target Shares under the Employee Share Ownership Plan are derived from the Asymchem Shares maintained in the Company's designated account for securities repurchase. The size of the Target Shares under the Employee Share Ownership Plan is approximately 4,454,800 A Shares, representing 1.20% of the total share capital of the Company.

Upon the implementation of the Employee Share Ownership Plan, the total number of all valid Shares under the Employee Share Ownership Plan in aggregate shall not exceed 10% of the total share capital of the Company, and the total number of Shares corresponding to the entitlements of any Holder shall not exceed 1% of the total share capital of the Company. The total number of Target Shares shall not include the Shares acquired by the Holders before the Company's initial public offering, Shares acquired through self-purchase on the secondary market, and Shares acquired through equity incentives.

7. The Duration is 54 months, commencing from the date when the Company announces that the last batch of the Target Shares has been transferred to the Employee Share Ownership Plan. The Target Shares obtained through the Employee Share Ownership Plan will be unlocked in three phases, where the unlock time is 12 months, 24 months, and 36 months from the date of the transfer to the Employee Share Ownership Plan of the last batch of the Target Shares announced by the Company. 40%, 30%, and 30% of the Target Shares shall be unlocked at each phase respectively. The specific percentage and quantity of Shares to be unlocked for a Participant for each relevant year are calculated and determined based on the Company's performance indicators and the Holder's appraisal results.
8. During the Duration, the Employee Share Ownership Plan shall be managed by the Company itself. A Management Committee for the Employee Share Ownership Plan has been established to exercise shareholder rights other than voting rights on behalf of the Holders of Employee Share Ownership Plan, and perform the daily management duties for the Employee Share Ownership Plan as authorized by the Holders.
9. The controlling Shareholders of the Company and their parties acting in concert, actual controllers, Directors and senior management members who are Holders under the Employee Share Ownership Plan voluntarily waive their voting rights attached to those Shares of the Company indirectly held through their participation in the Employee Share Ownership Plan and only retain the rights to dividends and investment returns associated to those Shares, and they have also promised not to hold any position in the Management Committee. Therefore, the Employee Share Ownership Plan has not been involved in any arrangement or any plan of arrangement of action in concert with the controlling Shareholders and their parties acting in concert, Directors, or senior management members of the listed Company.

10. Before implementing the Employee Share Ownership Plan, the Company has solicited opinions from employees through appropriate ways. The Employee Share Ownership Plan shall be first reviewed and approved by the Board of the Company. After that, the Company shall issue a notice of a general meeting to be held for the consideration of the Employee Share Ownership Plan. The Employee Share Ownership Plan shall only be implemented after being considered and approved at the general meeting of the Company. The general meeting to consider the Employee Share Ownership Plan will be held with a combination of on-site voting and online voting. The Company will provide an online voting platform to the Shareholders through the Shenzhen Stock Exchange trading system and the Internet voting system. Shareholders of the Company can exercise their voting rights through the above system during the time designated for online voting, and related Shareholders shall abstain from voting.
11. The financial and accounting treatment, taxation and other matters regarding the Employee Share Ownership Plan shall be implemented in accordance with the relevant financial system, accounting standards, and taxation system. The employees shall pay the relevant taxes and fees incurred due to the implementation of the Employee Share Ownership Plan.
12. The implementation of the Employee Share Ownership Plan will not render the Company's shareholding structure not meeting the listing requirements.

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DEFINITIONS

“Company”, “the Company” or “Asymchem”	Asymchem Laboratories (Tianjin) Co., Ltd.
“Plan” or “Employee Share Ownership Plan”	the 2022 Employee Share Ownership Plan of Asymchem Laboratories (Tianjin) Co., Ltd.
“Employee Share Ownership Plan (Draft)”	the 2022 Employee Share Ownership Plan (Draft) of Asymchem Laboratories (Tianjin) Co., Ltd.
“Participant(s)”	Directors (excluding independent non-executive Directors), members of senior management and core technical (business) personnel of the Company who participate in the Employee Share Ownership Plan
“Target Share(s)”	ordinary A Shares of Asymchem
“Holder(s)”	the Holders of the allocated units under the Employee Share Ownership Plan
“Management Committee”	the standing body of the Employee Share Ownership Plan, which is elected by the Holders of the Employee Share Ownership Plan at the Holders’ Meeting
“Administrative Measures for the Employee Share Ownership Plan”	the Administrative Measures for the 2022 Employee Share Ownership Plan of Asymchem Laboratories (Tianjin) Co., Ltd.
“Company Law”	the Company Law of the People’s Republic of China
“Articles”	the articles of association of Asymchem Laboratories (Tianjin) Co., Ltd.
“Guiding Opinions”	the Guiding opinions on the Pilot Implementation of Employee Share Ownership Plan by Listed Companies
“Self-regulatory Guidance No.1”	the Guidance No. 1 of Shenzhen Stock Exchange on Self-regulation by Listed Companies – the Standardized Operation of Listed Companies on the Main Board
“general meeting”	the Shareholders’ general meeting of Asymchem Laboratories (Tianjin) Co., Ltd.

“Board”	the board of directors of Asymchem Laboratories (Tianjin) Co., Ltd.
“Supervisory Committee”	The supervisory committee of Asymchem Laboratories (Tianjin) Co., Ltd.
“CSRC”	China Securities Regulatory Commission and its local offices
“Shenzhen Stock Exchange”	the Shenzhen Stock Exchange
“RMB”	Renminbi

Any discrepancies between the total value and the sum of sub-item values are due to rounding.

I. Purpose of the Employee Share Ownership Plan

The Employee Share Ownership Plan (Draft) in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidance No.1, and other relevant laws, administrative regulations, rules, regulatory documents, and the Articles.

Employees of the Company participate in the Employee Share Ownership Plan on a voluntary, legal, and compliant basis. The purpose of implementing the Employee Share Ownership Plan is to establish and improve the benefit-sharing mechanism of the employees and the Shareholders, improve the corporate governance level, increase the employees' cohesion and the competitiveness of the Company, and keep employees motivated and creative so that we can promote the long-term, sustainable, and stable development of the Company.

II. Basic Principles

(I) Lawfulness and compliance

The implementation of the Employee Share Ownership Plan shall be in strict compliance with the procedures stipulated in laws and administrative regulations. The information of the Employee Share Ownership Plan shall be disclosed in a true, accurate, complete, and timely manner. No person shall make use of the Employee Share Ownership Plan for insider trading, transfers of illegal interests, securities market manipulation, or any other conduct that constitutes a securities fraud.

(II) Voluntary participation

The implementation of the Employee Share Ownership Plan is subject to the voluntary participation of the employees. The Company does not force employees to participate in the Employee Share Ownership Plan by any means such as apportionment and forced distribution.

(III) Self-bearing of risk

Holders of the Employee Share Ownership Plan shall take their own profits, losses, and financial risks, with equal rights as other investors.

III. Basis for Determination of Participants and Allocation of Units***(I) Legal basis for determining the eligibility of Participants***

Holders of the Employee Share Ownership Plan are identified in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidance No.1, and other relevant laws, administrative regulations, regulatory documents, and the provisions of the Articles.

All Participants of the Employee Share Ownership Plan shall enter labor contracts or service contracts with the Company. Employees of the Company shall participate in the Employee Share Ownership Plan in accordance with laws and regulations on a voluntary basis and at their own risks.

(II) Position basis for determining the eligibility of Participants

Such position basis includes:

1. Directors (excluding independent Directors), senior management of the Company;
2. core technical (business) personnel of the Company.

(III) List of the Holders and allocation of units under the Employee Share Ownership Plan

The total number of employees participating in the Employee Share Ownership Plan does not exceed 608 in aggregate, including 10 Directors (excluding independent Directors) and senior management members in total. The ultimate Participants to the Employee Share Ownership Plan are determined based on the actual payments to the Employee Share Ownership Plan.

The corresponding allocation of units and proportions of the Holders are shown in the following table:

Holders	Positions	Number of subscribed units (0'000)	Proportion of total number of units	The number of Shares corresponding to the acquired units (0'000)
Yang Rui	Director, Co-Chief Executive Officer	525.00	3.37%	15
Zhang Da	Director, Chief Financial Officer	700.00	4.49%	20
Xinhui Hu	Chief Technology Officer and Chief Commercial Officer	980.00	6.29%	28
Hong Liang	Director, Executive Vice President	525.00	3.37%	15
Chen Chaoyong	Executive Vice President	525.00	3.37%	15
Jiang Yingwei	Executive Vice President	420.00	2.69%	12
Xiao Yi	Senior Vice President	70.00	0.45%	2
Zhou Yan	Vice president	280.00	1.80%	8
Xu Xiangke	Vice President and Secretary to the Board	280.00	1.80%	8
Zhang Ting	Director	175.00	1.12%	5
Subtotal of Directors and Senior Management (totaling 10 staff)		4,480.00	28.73%	128
Other Core technical (business) personnel of the Company (totaling 598 staff)		11,111.80	71.27%	317.48
Total (608 staff)		15,591.80	100.00%	445.48

Notes:

1. When the Employee Share Ownership Plan is established, the minimum size of subscription is referred to as a “unit”, and each subscription unit equals to one Chinese yuan.
2. The Holders under the Employee Share Ownership Plan shall pay the full amount of payments for subscription on time according to the number of Shares subscribed for. The payment schedule for the Employee Share Ownership Plan shall be notified and arranged by the Company. If a Holder fails to pay the payments for subscription on time and in full, he will automatically lose the related subscription rights. The proposed subscription units can be subscribed by other eligible Participants, and the Management Committee of the Employee Share Ownership Plan can adjust the list of Participants and their subscription units based on the actual situations regarding payments made by employees.

3. The Supervisory Committee of the Company will verify the list of Holders and explain the verification at the general meeting. The lawyer to be engaged by the Company will issue legal opinions on whether the qualifications of the Holders and other matters comply with the relevant laws and regulations including the Company Law, the Securities Law, the Guiding Opinions, the Articles of Association and the Employee Share Ownership Plan (Draft).

IV. Size and Source of Target Shares, Source of Funds and Purchase Price Under the Employee Share Ownership Plan

(I) Size of Target Shares under the Employee Share Ownership Plan

The size of the Target Shares under the Employee Share Ownership Plan does not exceed 4,454,800 Shares, currently accounting for 1.20% of the total share capital of the Company. The specific number of Shares held shall be subject to the actual payment made by the employees. The Company will promptly fulfill the obligation of information disclosure as required.

After the implementation of the Employee Share Ownership Plan, the total number of all effective Shares held by the Employee Share Ownership Plan in aggregate shall not exceed 10% of the total share capital of the Company, and the total number of Shares corresponding to the entitlements of any Holder shall not exceed 1% of the total share capital of the Company (excluding Shares acquired by the employees before the initial public offering of Shares of the Company, the Shares acquired through self-purchase on the secondary market and the Shares acquired through equity incentives).

(II) Source of the Shares under the Employee Share Ownership Plan

The source of Shares in the Employee Share Ownership Plan is ordinary A Shares of Asymchem repurchased and held in the designated repurchase account of the Company.

At the 27th meeting of the fourth session of the Board held by the Company on August 3, 2022, the Company considered and approved the Resolution on the Plan of Repurchasing Shares of the Company. The Company was approved to repurchase the Shares with its own funds through centralized price bidding via Shenzhen Stock Exchange trading system for the purpose of the subsequent implementation of share incentive scheme and cancellation of reduction of registered capital. The total funds for repurchasing the Shares shall be no less than RMB400 million (RMB400 million inclusive) and no more than RMB800 million (RMB800 million inclusive); the repurchase price shall not exceed RMB290 per Share (RMB290 inclusive). The repurchase of A Shares shall be no more than 12 months from the date of approval at the general meeting of Shareholders.

The Resolution on the Plan of Repurchasing Shares of the Company was considered and approved at the 2022 Third Extraordinary General Meeting, the 2022 Third A Shares Class Meeting, and the 2022 Third H Shares Class Meeting held by the Company on September 2, 2022.

On September 5, 2022, the Company made the first repurchase of 549,675 Shares of the Company (accounting for 0.1605% of the total share capital of A Share of the Company) through centralized price bidding by the designated repurchase account. The highest and the lowest prices for the repurchase were RMB162.23 per Share and RMB160.55 per Share. The total trading amount (excluding transaction costs) was RMB88,574,158.37.

The Company published an Announcement on Completion of Share Repurchase and Change in Shares on November 11, 2022, which stipulated that the time frame for the share repurchase was from September 5, 2022 to November 10, 2022, and the Company made a repurchase of 5,229,266 Shares of the Company in aggregate through centralized bidding transactions via designated securities account for share repurchase, representing 1.5271% of the A Share capital of the Company, with the highest and the lowest traded prices being RMB169.94 per share and RMB126.94 per share, respectively. The total trading amount (excluding transaction fees) was RMB799,475,512.77. The Company's share repurchase is in compliance with the requirements of relevant laws and regulations and is in line with the established repurchase program. Currently, the repurchase program is completed.

(III) The source of funds of the Employee Share Ownership Plan

1. The funds for the subscription of Shares of the Employee Share Ownership Plan by the Participants shall come from the legal remuneration, self-raised funds or other sources permitted by laws and regulations. The Company does not provide financial assistance such as advances, guarantees and loans to the Participants by any means, nor has the Company applied any leveraged funds. and there is There is no arrangement for any third party to provide rewards, subsidies or guarantees for employees' participation in the Share Ownership Plan.
2. The total amount of the Employee Share Ownership Plan shall be no more than RMB155,918,000 at the time of its establishment, and shall be subscribed at RMB1 per unit with no more than 155,918,000 units. Each employee shall subscribe for units in integer multiples with an initial subscription number at 1 (that is, the subscription amount is RMB1), subscription more than 1 unit shall be calculated cumulatively in integer multiples of 1. The specific number of units held by the Holders of the Share Ownership Plan shall be determined by the actual contributions made by the employees.

(IV) Purchase price and pricing basis of the Employee Share Ownership Plan

The Employee Share Ownership Plan will acquire Shares of the Company from the Company's designated repurchase account through non-trading transfer and other means permitted by laws and regulations, with the transfer price of RMB35.00 per Share, which is 22.89% of the average trading price that the Company repurchased Shares.

Participants of the Employee Share Ownership Plan are Directors (excluding independent Directors), senior management and core technical (business) personnel of the Company, who have played essential roles in the Company's historical performance and will stay important to the Company's future development. In order to enhance the sense of mission and responsibility of the Company's team including core personnel to develop the Company, taking into account the actual development status and industry development prospects of the Company, the Employee Share Ownership Plan intends to motivate the above Participants at a reasonable cost to enhance the overall core competitiveness of the Company.

The price of the repurchased Shares of the Company under the Employee Share Ownership Plan is determined in compliance with laws and regulations, taking into account not only the actual needs and the competitive environment of the industry, but also comprehensive factors such as the level of employee remuneration and cost pressure. Based on the principle of reciprocity between incentives and constraints, the Employee Share Ownership Plan adopts the aforesaid pricing in combination with setting a high unlocking condition related to the company level performance appraisal and the individual performance appraisal, and an additional lock-up period is added. The Company aims to achieve the consistency of interests of Shareholders and employees by establishing and improving the interest sharing mechanism between employees and Shareholders, further establish and improves the long-term incentive mechanism of the Company, effectively mobilize the enthusiasm and creativity of Participants, and promote the stable, sound and long-term development of the Company, which is also conducive to maximizing the interests of Shareholders without jeopardizing the interests of the Company or all Shareholders.

V. Duration and Lock-up Period of the Employee Share Ownership Plan*(I) The duration of the Employee Share Ownership*

1. The duration of the Employee Share Ownership Plan is 54 months, commencing from the date when the Company announces that the last batch of the Target Shares has been transferred to the Employee Share Ownership Plan. The Employee Share Ownership Plan will automatically terminate upon the expiry of the Duration if it is not renewed.

2. Provided that the Shares of the Company held by the Employee Share Ownership Plan are still not fully sold or transferred to the Holders, the duration of the Employee Share Ownership Plan may be extended within 1 month before the expiry of the duration of the Employee Share Ownership Plan, as agreed by the attending Holders with more than two-thirds (two-thirds inclusive) of the total units at the Holders' Meeting of the Employee Share Ownership Plan (the "Holders' Meeting"), and as considered and approved by the Board of the Company.
3. Provided that the Shares of the Company held by the Employee Share Ownership Plan cannot be fully disposed of prior to the expiry of the Duration due to suspension of trading or short window period, the duration of the Employee Share Ownership Plan may be extended, as agreed by the attending Holders with more than two-thirds (two-thirds inclusive) of the total units at the Holders' Meeting, and as considered and approved by the Board of the Company.
4. Listed companies shall disclose an alert announcement six months prior to the expiry of the Employee Share Ownership Plan, stating the number of Shares held by the Employee Share Ownership Plan which is about to expire and the percentage thereof of the total share capital of the Company.
5. Listed companies shall, no later than the expiry of the Duration, disclose the number of the Shares held by the expired Employee Share Ownership Plan and the percentage thereof of the total share capital of the Company at the expiry of the Duration, and the disposal arrangements upon expiry. If an extension is proposed, the Company shall explain the differences of the plan from it before the extension in compliance with the disclosure requirements under the Self-regulatory Guidance No.1 and the Company shall also perform the respective review procedures and disclosure obligations in accordance with the provisions of the Employee Share Ownership Plan.

(II) Lock-up period of the Employee Share Ownership Plan and its reasonableness and compliance thereof

1. The Target Shares of the Employee Share Ownership Plan are acquired through non-trading transfer and other means permitted by laws and regulations, and shall be unlocked in three installments commencing 12 months after the date of the last registration of the Target Shares into the name of this Employee Share Ownership Plan as announced by the Company, with a lock-up period of up to 36 months, which are detailed as follows:

The first unlock phase: 40% of the total number of the Target Shares held by the Employee Share Ownership Plan shall be unlocked after 12 months from the date of the registration of the last transfer of the Target Shares to the Employee Share Ownership Plan as announced by the Company.

The second unlock phase: 30% of the total number of the Target Shares held by the Employee Share Ownership Plan shall be unlocked after 24 months from the date of the registration of the last transfer of the Target Shares to the Employee Share Ownership Plan as announced by the Company.

The third unlock phase: 30% of the total number of the Target Shares held by the Employee Share Ownership Plan shall be unlocked after 36 months from the date of the registration of the last transfer of the Target Shares to the Employee Share Ownership Plan as announced by the Company.

During the lock-up period, Shares acquired from any bonus issue and conversion of capital reserve into share capital of the Company shall also be locked up with the same lock-up period as the original Shares.

2. *Additional lock-up period*

The Holders have also voluntarily agreed to undertake an additional lock-up period of the Employee Share Ownership Plan with details as follows:

- (1) All Holders voluntarily undertake not to allocate the interests of the Target Shares in any form, which have satisfied the unlocking conditions, within three months from the date of expiry of the lock-up period.
- (2) If the arithmetic mean of the closing market value of the Company within 20 trading days before the expiry of three months additional lock-up period from the date of expiry of each lock-up period is growing at less than 45%, 55% and 65%, respectively, than the arithmetic mean (i.e a market value of RMB54.889 billion) of the closing market value of the Company within 20 trading days before the Employee Share Ownership Plan is considered by the Board, each batch of units will be locked for another three months after three months from the date of the expiry of the lock-up period.
- (3) Upon the expiry of the additional lock-up period and prior to the expiry of the Duration, the Employee Share Ownership Plan shall be the one to decide whether to dispose the Shares in accordance with the arrangements of the Employee Share Ownership Plan taking into account the prevailing market conditions, and will uniformly handle the sale of each batch that satisfies the unlocking conditions.

3. *Explanation of the reasonableness and compliance of the lock-up period of the Employee Share Ownership Plan*

The lock-up period of the Employee Share Ownership Plan is set based on the principle of reciprocity between incentives and constraints. The purchase price of the Employee Share Ownership Plan is partially discounted. Therefore, a 12-month lock-up period is set with an unlocking in three installments. The unlocking ratio is 40%, 30% and 30% respectively. In addition to the above lock-up period, an additional lock-up period is also set. The Company believes that, on the basis of legal compliance, the lock-up period with an unlocking in three installments and the additional lock-up period can fully place motivation and restraint on employees, so as to more effectively unify interests of the Holders and the Company as well as the Company's Shareholders to achieve the purpose of the Company's Employee Share Ownership Plan, which in return, can promote the Company's stable, sound and long-term sustainable development.

(III) *Performance appraisals of the Employee Share Ownership Plan*

1. *Performance appraisal targets of the Company*

The years for unlocking appraisal of the granted Shares under the Employee Share Ownership Plan at the Company level contain three fiscal years from 2023 to 2025. The appraisal will be conducted in an annual manner with targets for each year set out as follows:

The first unlocking phase: Based on the operating revenue in 2021, the growth rate of the Company's operating revenue in 2023 shall be no less than 80%;

The second unlocking phase: Based on the operating revenue in 2021, the growth rate of the Company's operating revenue in 2024 shall be no less than 120%;

The third unlocking phase: Based on the operating revenue in 2021, the growth rate of the Company's operating revenue in 2025 shall be no less than 150%.

- Notes:*
1. The above indicator of operating revenue in 2021 shall be calculated after excluding the Company's operating revenue in 2021 generated from the three orders as disclosed in the Announcements on Entering Into Significant Contracts of Daily Operating of Asymchem Laboratories (Tianjin) Co., Ltd. (Shenzhen Stock Exchange announcement no. 2021-115, 2021-125 and 2022-018, respectively) (The operating revenue after the deduction in 2021 amounted to RMB3,409 million).
 2. The above indicators of the growth rate of the operating revenue from 2023 to 2025 shall be calculated after excluding the Company's operating revenue in 2021 generated from the three orders as disclosed under the Announcements on Entering Into Significant Contracts of Daily Operating of Asymchem Laboratories (Tianjin) Co., Ltd. (Shenzhen Stock Exchange announcement no. 2021-115, 2021-125 and 2022-018, respectively).

If the performance appraisal indicators of the Company under the Employee Share Ownership Plan are not qualified, the equity interest of the Target Shares shall not be unlocked and shall be recovered by the Management Committee of the Employee Share Ownership Plan (the “Management Committee”). The amount will be returned to the Holders at the lower value between the initial investment amount and the proceeds after the sale. The interest that remains after returning to the Holders belongs to the Company.

2. *Individual performance appraisal*

The Employee Share Ownership Plan will appraise the performance of individuals in accordance with relevant Company’s regulations of performance appraisals. The number of the equity interests of Target Shares finally unlocked by the Holders in accordance with the results of the individual performance appraisal is determined as follows:

Appraisal Results	Excellent	Good	Pass	Fail
Level	A	B	C	D
Unlocking factor	1.0	0.8	0.6	0

The number of Target Shares to be unlocked in the current period equals to the target number of underlying A Shares to be unlocked times the corresponding unlocking factor, among which, the target number of underlying A Shares to be unlocked is a portion of unlocked A Shares attributable to the Holders under the batch that the Company satisfied the performance appraisal indicators.

Where the number of Target Shares actually unlocked by the Holders is less than the target number to be unlocked, the Management Committee shall have the power to decide to withdraw the Shares unable to be unlocked, and shall have the power to decide whether to allocate the withdrawn Shares to other employees who are eligible to participate in the Employee Share Ownership Plan. The Management Committee will determine the transfer of such Shares in sole discretion taking into account the actual situation and subject to the relevant restrictions, including whether such Shares shall be transferred to other qualified employees, the transfer amount, the transfer price, the lock-up period, the performance appraisal, etc. If such Shares are not fully allocated during the Employee Share Ownership Plan, the unallocated portion will be disposed of by the Management Committee at an appropriate time during the Duration after the unlocking date and will be returned to the Holders at the lower value between the initial investment amount and the proceeds after the sale. The interest that remains after returning to the Holders belongs to the Company.

(IV) The Employee Share Ownership Plan shall strictly abide by the market trading rules and comply with the requirement of the CSRC and the Shenzhen Stock Exchange that no Shares shall be traded during the information sensitive period. No Shares of the Company shall be traded during the following periods:

- (1) The period within 30 days prior to the publication of annual reports and interim reports of the Company, or from 30 days prior to the original scheduled date of announcement to 1 day prior to the date of announcement if the date of annual reports and interim reports is postponed due to special reasons;
- (2) The period within 10 days before the publication of quarterly reports, performance forecasts or preliminary results announcements;
- (3) The period from the date when any material event that may have a material impact on the trading price of the Company's Shares or their derivative products occurs or enters into the process of decision making, until the date of its lawful disclosure;
- (4) Other periods as stipulated by the CSRC, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange.

VI. Management of the Employee Share Ownership Plan

The Board is responsible for formulating and amending the Employee Share Ownership Plan (Draft), which is subject to the consideration and approval by the general meeting of the Company. The Board will handle other relevant matters of the Employee Share Ownership Plan within the scope authorized by the general meeting of the Company. The Employee Share Ownership Plan shall be managed by the Company itself upon the approval at the general meeting.

The supervisory committee of the Company is responsible for verifying the list of the Holders, and shall provide their opinions on whether the Employee Share Ownership Plan is conducive to the sustainable development of the Company, whether it harms the interests of the Company and all Shareholders, whether employees' opinions on the plan have been sought before launch, and whether there is any situation where employees are forced to participate in the Employee Share Ownership Plan by appropriation, forced allocation or other means.

The independent Directors are responsible for giving independent opinions on whether the Employee Share Ownership Plan is conducive to the sustainable development of the Company, whether it harms the interests of the Company and all Shareholders, whether employees' opinions on the plan have been sought before launch, and whether there is any situation where employees are forced to participate in the Employee Share Ownership Plan by appropriation, forced allocation or other means.

The top internal management authority of the Employee Share Ownership Plan is the Holders' Meeting, and the Management Committee is formed upon the election at the Holders' Meeting. The Management Committee will exercise, or authorize the management agency to exercise, all the Shareholders' rights except for voting rights on behalf of all the Holders, and perform the daily management function of the Employee Share Ownership Plan as authorized by the Holders.

(I) Holders

Participants who have actually paid their contributions to subscribe for the units of the Employee Share Ownership Plan shall become the Holders of the Employee Share Ownership Plan.

1. Rights of the Holders are as follows:

- (1) potential gains in share price appreciation from the sales of Shares held through the subscription of the Employee Share Ownership Plan when the unlocking requirements are met;
- (2) interest and dividends of the Shares they held through the subscription of the Employee Share Ownership Plan during the period from the subscription to sale;
- (3) entitlements to appreciation of other non-equity assets through the subscription of the Employee Share Ownership Plan;
- (4) attending the Holders' Meeting and exercising relevant voting rights in accordance with laws;
- (5) rights to elect (add), dismiss any member of the Management Committee;
- (6) rights to convene the Holders' Meeting;
- (7) amending the Administrative Measures for the Employee Share Ownership Plan;
- (8) other rights stipulated by laws, administrative regulations, departmental rules and the Administrative Measures for the Employee Share Ownership Plan.

2. Obligations of the Holders are as follows:

- (1) comply with the Employee Share Ownership Plan;

- (2) fulfil all undertakings made for participating in the Employee Share Ownership Plan;
- (3) pay for the subscription in the Employee Share Ownership Plan in full within the agreed period as committed;
- (4) comply with the Articles;
- (5) comply with the Administrative Measures for the Employee Share Ownership Plan;
- (6) shall not transfer any units they held under the Employee Share Ownership Plan unless a necessary transfer is required by the Employee Share Ownership Plan and shall not withdraw from the Employee Share Ownership Plan during the duration of the Employee Share Ownership Plan;
- (7) shall cooperate with the Company to transfer all units held by themselves if the Company discharges or terminates the employment contract due to a voluntary turnover of the Holder, a dismissal or a termination upon agreement;
- (8) bear audit fees, attorney's fees and other related expenses of the Employee Share Ownership Plan according to the units they held under the Employee Share Ownership Plan;
- (9) bear statutory taxes and fees payable by the Employee Share Ownership Plan according to the units they held under the Employee Share Ownership Plan;
- (10) bear taxes by themselves as required by laws and regulations due to participating in the Employee Share Ownership Plan;
- (11) comply with the resolutions of the Holders' Meeting and the meeting of Management Committee;
- (12) other obligations stipulated by laws, administrative regulations and departmental rules.

(II) Holders' meetings

- 1. The Holders' Meeting comprised by all Holders and shall exercise the functions and powers as below:
 - (1) to elect and dismiss any members of the Management Committee;

- (2) to review the changes, termination and the extension of the duration of the Employee Share Ownership Plan;
- (3) to authorize the Management Committee to monitor the daily management of the Employee Share Ownership Plan;
- (4) to authorize the Management Committee to exercise Shareholder rights except for voting rights corresponding to the Shares held by the Employee Share Ownership Plan, including participating in the arrangements of cash dividends, dividends on bonds, bonus issue, conversion of Shares, Share allotment and bond placement of the Company;
- (5) to formulate and amend the Administrative Measures for the Employee Share Ownership Plan;
- (6) to stipulate the exercisable functions and powers in accordance with the Administrative Measures for the Employee Share Ownership Plan;
- (7) other functions and powers that can be exercised by the Holders' Meeting of the Employee Share Ownership Plan as prescribed by laws and regulations or the CSRC.

(III) Procedures for convening Holders' Meetings

- 1. The first Holders' Meeting shall be convened and presided over by the secretary to the Board or his or her authorized person(s), and subsequent Holders' Meetings shall be convened by the Management Committee and presided over by chairman of the Management Committee; when chairman of the Management Committee fails to perform his or her duties, he or she shall appoint a member of Management Committee to preside over the meeting.
- 2. A Holders' Meeting shall be convened in the event of any of the following situations:
 - (1) the Board proposes changes to the Employee Share Ownership Plan;
 - (2) members of the Management Committee leaves or fails to perform his or her duties for three consecutive months or in other circumstances that makes him or her unfit to serve as a member of the Management Committee;

- (3) other matters that have a significant impact on the rights and obligations of the Holders of the Employee Share Ownership Plan that a Holders' Meeting needs to be convened.
- 3. To convene a Holders' Meeting, the Management Committee shall issue a notice of the meeting three days in advance and serve the notice to all Holders by direct delivery, mail, fax, email, telephone, WeChat or other means.
- 4. The notice shall at least include the followings:
 - (1) time and venue of the meeting;
 - (2) method of holding the meeting;
 - (3) proposed matters to be considered at the meeting (meeting proposals);
 - (4) convener and chairman of the meeting, and the proposer (s) of the meeting and his or her (their) written proposals;
 - (5) materials necessary for voting in the meeting;
 - (6) requirement that Holders shall attend in person or appoint other Holders to attend the meeting on their behalf;
 - (7) contact person and contact information;
 - (8) date of issuance of the notice.

In case of any emergency, a Holders' Meeting can be convened by a verbal notice. The verbal meeting notice shall at least include the 1 and 2 of the above points and an explanation on the emergency and necessity to convene a Holders' Meeting as soon as possible.

(IV) Voting procedures of the Holders' Meeting

- 1. The voting procedures of the Holders' Meeting are as follows:
 - (1) After each proposal has been fully discussed, the chairman shall invite the Holders attending the meeting to vote in a timely manner. The chairman may also invite the Holders attending the meeting to vote only after all proposals for the meeting have been discussed. The voting shall be carried out by show of hands or paper ballot;
 - (2) Each unit held by the Holders of the Employee Share Ownership Plan is entitled to one vote;

- (3) The Holders may choose to vote for, against or abstain in any resolution. The Holders attending the meeting shall select one of the aforesaid voting options, and any vote with no option or more than two options indicated will be deemed as abstention. Any Holder who leaves in the course of the meeting without indicating any voting options shall be deemed as abstained from voting. Any vote made after the announcement of voting results by the chairman of the meeting or lapse of voting period shall not be counted;
 - (4) A proposed resolution shall be valid after passed by more than half of units held by the Holders attending the meeting, unless the consent of more than two-thirds of the portion of units is required by the Employee Share Ownership Plan;
 - (5) In the event that the resolution of the Holders' Meeting is required be submitted to the Board or the general meeting of the Company for consideration, it shall be submitted to the Board or the general meeting of the Company for consideration in accordance with the Articles;
 - (6) The chairman of the meeting shall arrange and keep records for the Holders' Meeting.
- 2. The Holders who individually or jointly hold over 30% of the voting rights in the Employee Share Ownership Plan may submit a temporary proposal to the Holders' Meeting; and the temporary proposal shall be submitted to the Management Committee 3 days prior to the Holders' Meeting.
 - 3. The Holders who individually or jointly hold over 10% of the voting rights in the Employee Share Ownership Plan may propose convening an extraordinary Holders' Meeting. Holders' Meetings shall be held only when the attending Holders hold over 50% of the voting rights of the Employee Share Ownership Plan.

(V) Management Committee of the Employee Share Ownership Plan

The Management Committee is the daily management body of the Employee Share Ownership Plan. The Management Committee is accountable to all the Holders. The term of office of the committee members is consistent with the Duration. In the event that the Duration is extended, the term of the members shall be extended accordingly.

- 1. Procedures for nominating member candidates of the Management Committee:

The Management Committee comprises five members with one director of the Management Committee. All members of the Management Committee shall be elected by the Holders' Meeting. The director of the Management Committee shall be elected by more than half of all members of the Management Committee.

2. Obligations of members of the Management Committee:

The members of the Management Committee shall abide by laws and regulations and shall earnestly study and understand the Employee Share Ownership Plan and bear the following obligations:

- (1) not to take advantage of their positions and authority to accept bribes or other illegal income; not to embezzle any property of the Employee Share Ownership Plan;
- (2) not to misappropriate funds of the Employee Share Ownership Plan;
- (3) not to open personal account under his or her own name or other individual's names with the assets or funds of the Employee Share Ownership Plan as the deposits without the consent of the Management Committee;
- (4) not to lend the funds of the Employee Share Ownership Plan to other persons or provide guarantee for other persons with the properties of the Employee Share Ownership Plan without the consent of the Holders' Meeting;
- (5) not to unauthorizedly disclose trade secrets related to the Employee Share Ownership Plan;
- (6) not to prejudice the interests of other Holders of the Employee Share Ownership Plan;
- (7) other obligations stipulated by laws, administrative regulations and departmental rules.

Where a member of the Management Committee causes any loss to the Employee Share Ownership Plan due to his or her breach of the above obligations, such a member shall be liable for indemnification.

3. Functions and powers of the Management Committee:

- (1) to convene the Holders' Meeting;
- (2) to execute the resolutions of the Holders' Meeting;

- (3) to supervise the daily management of the Employee Share Ownership Plan on behalf of all Holders;
 - (4) to exercise Shareholder rights other than voting rights of the Shares of Asymchem, on behalf of all Holders of the Employee Share Ownership Plan, including participation in the Company's arrangements of cash dividends, bond conversion, bonus issue, Share reserve, Share allotment and bond placements;
 - (5) to supervise the asset allocation of the Employee Share Ownership Plan;
 - (6) to determine the disqualification of the Holders and the handling of the units held by the disqualified Holders, including the increase of the holders, the change of the Holders' Shares, etc., in accordance with the provisions of the Employee Share Ownership Plan;
 - (7) to propose changes of the Employee Share Ownership Plan to the Board of Asymchem;
 - (8) to handle the registration of Share of the Employee Share Ownership Plan, vesting of funds and beneficial ownership, transfer;
 - (9) to sign relevant documents on behalf of all the Holders;
 - (10) to propose to amend the Administrative Measures for the Employee Share Ownership Plan;
 - (11) to communicate with and contacting Asymchem;
 - (12) to act in accordance with the actual needs, developing regulatory documents relating to the Employee Share Ownership Plan which are applicable to all Holders;
 - (13) other duties as delegated by the Holders' Meeting;
 - (14) other duties that should be performed by the Management Committee as stipulated in the Draft of the Plan and relevant laws and regulations.
4. The director of the Management Committee shall discharge the following functions and authority:
- (1) convene and preside over the Management Committee meetings;
 - (2) supervise the implementation of resolutions of the Holders' Meetings and the Management Committee meetings;

- (3) other duties and authority as delegated by the Management Committee.
- 5. The resolutions of the Management Committee meeting shall be announced to all Holders in a certain manner.
- 6. The Management Committee meeting shall be convened occasionally by the director of the Management Committee. A notice of the meeting shall be sent out to all members of the Management Committee 1 day prior to the meeting.
- 7. The members of the Management Committee may propose an extraordinary meeting of the Management Committee. The director of the Management Committee shall convene and preside over a Management Committee meeting within 3 days upon receipt of the proposal.
- 8. A majority of the Management Committee members shall be present at the Management Committee meeting. Resolutions made by the Management Committee must be approved by a majority of all its members. Voting on the resolutions of the Management Committee shall be on a one-person-one-vote basis.
- 9. The voting method for resolutions of the Management Committee is conducted by way of open ballot. Provided that the members of the Management Committee can fully express their views, the meetings of the Management Committee can be convened, and the resolutions thereof can be resolved by means of fax and shall be signed by members of the Management Committee attending the meeting.
- 10. The members of the Management Committee shall attend the Management Committee meetings in person; for any member who cannot attend the meetings in person, he or she may appoint other member(s) of the Management Committee as his or her proxy in writing to attend the meetings. A form of proxy shall be signed by the authorizer with the name(s) of the proxy(ies), and the matters, scope and validity period of the authorization being specified. The authorized member of the Management Committee shall exercise his or her rights properly within the scope of authorization. For any member of the Management Committee who neither attends the meetings nor authorizes another member as his or her proxy, he or she will be deemed to have abstained from voting at such meeting.
- 11. The Management Committee shall take minutes of the matters discussed in the meeting, and all members of Management Committee attending meeting shall sign on the minutes.

(VI) The authorization from the general meeting to the Board

The general meeting authorizes the Board to take full charge of specific matters relating to the Employee Share Ownership Plan within the scope of the relevant laws, regulations and regulatory documents, including but not limited to:

1. to authorize the Board to handle the establishment, change and termination of the Employee Share Ownership Plan;
2. to authorize the Board to decide on the extension and early termination of the Employee Share Ownership Plan;
3. to authorize the Board to handle all matters in relation to the transfer, lock-up and unlocking of the Shares purchased under the Employee Share Ownership Plan;
4. to authorize the Board to interpret the Employee Share Ownership Plan (Draft) and its summary;
5. to authorize the Board to make decisions on the refinancing matters such as participation in the placing of Shares, issue of new Shares, issue of convertible bonds of the Company during the duration of the Employee Share Ownership Plan;
6. to authorize the Board to change the Participants and the determination criteria of the Employee Share Ownership Plan;
7. to authorize the Board to sign the contract and relevant agreement documents of the Employee Share Ownership Plan;
8. to authorize the Board to make corresponding amendments and improvements to the Employee Share Ownership Plan according to the adjustments in the event of changes in relevant laws, regulations and policies;
9. to authorize the Board to engage professional institutions with relevant qualifications to provide consulting, management and other services for the Employee Share Ownership Plan according to the implementation of the Employee Share Ownership Plan, and to make decisions on its selection and change;
10. to authorize the Board to handle other necessary matters required for the Employee Share Ownership Plan, except for the rights to be exercised by the general meeting as expressly stipulated in the relevant documents.

The Board further authorizes the Management Committee to handle the aforementioned matters relating to the Employee Share Ownership Plan to the extent permitted by applicable laws.

The above authorization shall commence from the date of approval at the general meeting of the Company to the date of completion of the liquidation of the Employee Share Ownership Plan.

(VII) Management institutions

Subject to the approval of the general meeting, the Employee Share Ownership Plan shall be managed by the Company itself. Depending on the implementation of the Employee Share Ownership Plan, professional institutions with relevant qualifications may be engaged to provide consultation, management and other services for the Employee Share Ownership Plan.

VII. Assets and Investments of the Employee Share Ownership Plan

The cash assets invested by the Participants in the Employee Share Ownership Plan at the time of its establishment mainly subscribe for Shares of Asymchem, and part of the funds may be invested in liquid assets. The property and income obtained from the management, application or other circumstances of the Employee Share Ownership Plan are included in the assets of the Employee Share Ownership Plan.

VIII. The Accounting Treatment for Employee Share Ownership Plan

In accordance with the provisions of “Accounting Standards for Business Enterprises No. 11 – Share-based Payment”, the equity-settled share-based payments in consideration of services rendered by staff that can only be exercised upon the completion of services or attainment of stipulated results in business performance within the vesting period are recognized in relevant cost or expenses and the capital reserve in respect of service obtained for the period at the fair value on the date of grant of the equity instrument based on the best estimate of the volume of exercisable equity instrument at each balance sheet date during the vesting period.

Considering all Holders will not allocate in any form the interests of the Target Shares, which have satisfied the unlocking conditions, within three months from the date of expiration of the lock-up period of each batch, the Company adopts the B-S model to determine the relevant impact of the lock-up clause on the fair value after the lock-up period by considering the difference between the existence of the lock-up period and the absence of it. Assuming that the Company will transfer the Target Shares to the Employee Stock Ownership Plan at the end of December 2022 and the expense is shared by the Company over the lock-up period in proportion to each unlocking, the estimated amortization of the cost of the Employee Stock Ownership Plan from 2023 to 2025 is as follows:

Total Amortized Cost <i>(RMB0'000)</i>	2023 <i>(RMB0'000)</i>	2024 <i>(RMB0'000)</i>	2025 <i>(RMB0'000)</i>
15,390.91	12,413.00	2,582.40	395.51

Note: The ultimate impact on the operating result of the Company will be subject to the annual audit report issued by the accounting firm.

Regardless of the impact of the Employee Share Ownership Plan on the Company's performance, the costs of the Employee Share Ownership Plan will only have slight impacts over the net profit. On the positive note, the Employee Share Ownership Plan will effectively motivate the employees of the Company and enhance operating efficiency.

IX. The Connected Relationship and Concerted Actions Involved in the Employee Share Ownership Plan

1. The Holders of the Employee Share Ownership Plan are, Yang Rui, a Director and co-CEO of the Company, Zhang Da, a Director and Chief Financial Officer of the Company, Xinhui Hu, the Chief Technology Officer and Chief Commercial Officer of the Company, Hong Liang, a Director and Executive Vice President of the Company, Chen Chaoyong, the Executive Vice President of the Company, Jiang Yingwei, the Executive Vice President of the Company, Xiao Yi, the Senior Vice President of the Company, Zhou Yan, the Vice President of the Company, Xu Xiangke, the Vice President and Secretary to the Board, and Zhang Ting, a Director. The Directors, Yang Rui, Zhang Da, Hong Liang and Zhang Ting shall abstain from voting when the Board considers the relevant proposals of the Employee Share Ownership Plan, and the related Shareholders shall abstain from voting when Shareholders review the relevant proposals of the Employee Share Ownership Plan at the general meeting. Except for the above, there is no connected relationship between the Employee Share Ownership Plan and other Directors and senior management of the Company.
2. The Holders of the Employee Share Ownership Plan will waive their voting rights in respect of the Shares of the Company indirectly held by them as a result of their participation in the Employee Share Ownership Plan, and the relevant operations of the Employee Share Ownership Plan will be independent of the controlling Shareholders, de facto controllers, Directors and senior management of the Company. Therefore, there is no concerted action relationship between the Employee Share Ownership Plan and the controlling Shareholders, the de facto controllers, the Directors and senior management of the Company.

X. Participation of the Employee Share Ownership Scheme in the Event of Financing by the Company

During the duration of the Employee Share Ownership Plan, the Management Committee shall decide whether the Employee Share Ownership Plan will participate and the specific plan for participation when the Company raises funds by way of share allotment, issue of additional Shares or convertible bonds.

XI. Alteration and Termination of the Employee Share Ownership Plan and Disposal of Holder's Interests***(I) Change in actual control, merger or division of the Company***

Where there is any change in the de facto controller of the Company for any reason, or merger or division, the Employee Share Ownership Plan shall not be changed.

(II) Alteration of the Employee Share Ownership Plan

Alteration of the Employee Share Ownership Plan includes but not limited to form of contribution, how the Holders acquire Shares and basis for determination of the Holders, and any amendment to the Employee Share Ownership Plan during the Duration shall be subject to the approval of more than two-thirds of the units held by the Holders attending the Holders' Meeting and the consideration and approval of the Board of the Company.

(III) Termination of the Employee Share Ownership Plan

1. If no resolution regarding the extension of Duration is passed at the Holders' Meeting, the Employee Share Ownership Plan shall be terminated automatically upon expiry of the Duration.
2. After expiry of the lock-up period of the Employee Share Ownership Plan, if the assets held by the Employee Share Ownership Plan are all monetary capitals, the Employee Share Ownership Plan may be terminated in advance.
3. Except the automatic termination or the early termination aforementioned, any termination of the Employee Share Ownership Plan during the Duration shall be subject to the approval of more than two-thirds of the units held by the Holders attending the Holders' Meeting and the consideration and approval of the Board of the Company and relevant resolutions shall be disclosed in a timely manner.

(IV) Rights attached to the Shares held by the Employee Share Ownership Plan and the arrangements on the possession, use, benefit and disposal of the rights of the Holders over the Shares

1. The Holders of the Employee Share Ownership Plan are entitled to the asset income rights of the Shares held by the Employee Share Ownership Plan according to the actual capital contribution. The Employee Share Ownership Plan voluntarily waives the voting rights of the Shares it held. The corresponding Shares obtained by the Holders through the Employee Share Ownership Plan shall be entitled to Shareholders' rights other than the voting rights at the general meeting of the listed company (including dividend rights, rights issue, conversion of Shares and other asset income rights).

2. During the duration of the Employee Share Ownership Plan, unless otherwise stipulated by laws, administrative regulations, departmental rules or with the consent of the Management Committee, the units held by the Holders under the Employee Share Ownership Plan shall not be withdrawn, transferred or used for mortgage, pledge, guarantee, repayment of debts or other similar disposal.
3. During the lock-up period, the Holders shall not require the distribution of interests of the Employee Share Ownership Plan.
4. During the lock-up period, in the event of conversion of capital reserve into share capital and bonus issue by the Company, the Shares newly acquired by the Employee Share Ownership Plan from holding the Shares shall also be locked up and shall not be sold in the secondary market or otherwise transferred, the unlocking date of which shall be the same as the corresponding Shares.
5. After the end of lock-up period and during the duration of the Employee Share Ownership Plan, the Management Committee shall, pursuant to the authorization of the Holders' Meeting, sell the corresponding Target Shares at an appropriate time during the Duration after the unlocking date of the Employee Share Ownership Plan.
6. After the end of the lock-up period and during the duration of the Employee Share Ownership Plan, the Management Committee shall, pursuant to the authorization of the Holders' Meeting, decide whether to distribute the income corresponding to the Employee Share Ownership Plan. Where the distribution is decided, the Holders' Meeting shall authorize the Management Committee to distribute the income corresponding to the Employee Share Ownership Plan according to the respective proportion of actual payments by the Holders after deducting relevant taxes and fees in accordance with the law.
7. During the duration of the Employee Share Ownership Plan, when the Employee Share Ownership Plan acquires cash or other distributable income from selling the Target Shares it held, it can distribute the income each accounting year, and the Management Committee shall distribute the income according to the respective proportion of payments by the Holders to the Employee Share Ownership Plan after deducting relevant taxes and fees and payables of the plan in accordance with the law.
8. During the lock-up period, in the event of distribution of dividends by the Company, the cash dividends received by the Employee Share Ownership Plan from holding the Shares of the Company shall be recognised in monetary assets of the Employee Share Ownership Plan and will not be distributed, the distribution of which shall, pursuant to the authorization of the Holders' Meeting, be determined by the Management Committee after the end of

relevant lock-up period and during the Duration. After the end of the lock-up period and during the duration of the Employee Share Ownership Plan, in the event of distribution of dividends by the Company, the cash dividends received by the Employee Share Ownership Plan from holding the Shares of the Company shall be recognised in monetary assets of the Employee Share Ownership Plan.

9. In the event of other unspecified events, the disposal method of the units of the Employee Share Ownership Plan held by the Holders shall be determined by the Holders' Meeting.
10. During the duration of the Employee Share Ownership Plan, when the Company raises capital by way of share allotment, additional issuance, convertible bonds, etc., the Management Committee shall submit to the Holders' Meeting and the Board for consideration of whether to participate and the specific plan of participation.

(V) Measures for the disposal of the rights and interests of the Shares held by the Holders of the Employee Share Ownership Plan when they resign, retire, decease, or are no longer suitable for participating in the Share Ownership Plan

1. In case a Holder has a change in job title but still works in the Company or a branch or a subsidiary of the Company, the units of the Employee Share Ownership Plan subscribed by him or her will be fully regulated by the procedures specified in the Employee Share Ownership Plan before the change of his or her job title. However, in case a Holder has a job title change because he or she is not qualified for his or her job, violates laws, disobeys professional ethics, reveals confidential information of the Company, fails to discharge his or her duties or has willful misconduct, causing damages to the interest or reputation of the Company; or the Company terminates his or her employment contract for any of the above reasons, the Management Committee may refuse to unlock the units of the Employee Share Ownership Plan subscribed by him or her under the Employee Share Ownership Plan but not yet unlocked at the occurrence date of such event, and may withdraw the units in accordance with the provisions of the Employee Share Ownership Plan.
2. In case a Holder leaves the Company due to resignation or redundancy, his or her units of the Employee Share Ownership Plan subscribed for but not yet unlocked under the Employee Share Ownership Plan shall not be unlocked, and Management Committee may withdraw the units in accordance with the provisions of the Employee Share Ownership Plan.

3. In case a Holder leaves the Company due to retirement, his or her units of the Employee Share Ownership Plan subscribed for under the Employee Share Ownership Plan will be fully regulated by the procedures under the provisions of the Employee Share Ownership Plan before his or her retirement, and the Management Committee may decide that his or her individual performance appraisal conditions are no longer included in the unlocking conditions.
4. In case a Holder leaves the Company due to loss of ability to work, then:
 - (1) in case the Holder loses his or her ability to work due to occupational injury and leaves the Company, his or her units of the Employee Share Ownership Plan subscribed for under the Employee Share Ownership Plan will be fully regulated by the procedures under the provisions of the Employee Share Ownership Plan before his or her retirement, and his or her individual performance appraisal conditions are no longer included in the unlocking conditions;
 - (2) in case the Holder loses his ability to work and leaves the Company for reasons other than occupational injury, the Management Committee may refuse to unlock his or her units of the Employee Share Ownership Plan subscribed for but not yet unlocked under the Employee Share Ownership Plan, and may withdraw the units in accordance with the provisions of the Employee Share Ownership Plan.
5. In the case of death of a holder:
 - (1) in case a Holder dies during performance of his duties, his or her units of Employee Share Ownership Plan subscribed under Employee Share Ownership Plan are to be held by his or her designated heir or legal heir on his or her behalf, and are regulated by the procedures under the provisions of the Employee Share Ownership Plan before his death. In addition, the Management Committee may decide that his or her individual performance appraisal conditions are no longer included in the unlocking conditions;
 - (2) in case a Holder dies due to other reasons, the Management Committee may refuse to unlock the units of the Employee Share Ownership Plan subscribed by him or her but not yet unlocked, and may withdraw the units in accordance with the provisions of the Employee Share Ownership Plan.
6. Other unspecified circumstances and the handling of which shall be determined by the Management Committee of Employee Share Ownership Plan.

For the units withdrawn by the Management Committee as aforementioned, the Management Committee shall have the power to decide whether to allocate such units to other employees who are eligible to participate in the Employee Share Ownership Plan. The Management Committee will determine the transfer of such units in sole discretion according to the actual situation and subject to the relevant restrictions, including whether such units shall be transferred to other qualified employees, allocation of units, transfer price, lock-up period and performance appraisal. If the allocation of such units is not completed during the Duration, the unallocated portion will be disposed of by the Company at an appropriate time during the Duration after the unlocking date, and the Company shall return to the Holders the lower of the original capital contribution and the sales income of the corresponding units. If there is still income after the return to the holders, the income shall be attributed to the Company.

(VI) Measures for the disposal of Employee Share Ownership Plan upon expiry or early termination

Liquidation of the Employee Share Ownership Plan shall be completed upon the expiry or within 30 business days after the early termination. The Management Committee shall, after deducting the relevant expenses, allot the assets of the Employee Share Ownership Plan in the form of monetary assets according to the proportion of the units of held by the Holders under the Employee Share Ownership Plan to the total units.

XII. Implementation Procedures of the Employee Share Ownership Plan

- (I) The Board of the Company is responsible for formulating the Employee Share Ownership Plan (Draft).
- (II) The Company shall fully solicit the opinions of employees through the employee congress and other organizations before the implementation of the Employee Share Ownership Plan.
- (III) The Board of the Company will review the Employee Share Ownership Plan (Draft), and independent Directors will provide their independent opinions on whether the Employee Share Ownership Plan is conducive to the sustainable development of the Company, whether it will harm the interests of the Company and Shareholders as a whole, whether employees' opinions on the plan have been sought before launch, and whether there is any situation where employees are forced to participate in the Employee Share Ownership Plan by apportionment, forced allocation or other means.
- (IV) The Supervisory Committee of the Company is responsible for verifying the list of the Holders, and providing their opinions on whether the Employee Share Ownership Plan is conducive to the sustainable development of the Company, whether it damages the interests of the Company and all Holders, whether

employees' opinions on the plan have been sought before launch, and whether the employees are forced to participate in the Employee Share Ownership Plan by apportionment, forced allocation or other means.

- (V) When the Board reviews the Employee Share Ownership Plan, Directors connected to the Employee Share Ownership Plan shall abstain from voting. The Board shall announce, among others, the resolutions of the Board, the summary of the draft of the Employee Share Ownership Plan, opinions of the independent Directors and the Supervisory Committee within two trading days after the consideration and approval of the draft of the Plan.
- (VI) The Company shall engage a law firm to issue a legal opinion letter on whether the Employee Share Ownership Plan and its related matters are legal and compliant, whether the necessary decision-making and approval procedures have been fulfilled, and announce the legal opinion before two trading days of the convening of the on-site meeting of the relevant general meeting.
- (VII) The Company shall engage an independent financial adviser to issue an independent financial adviser's report on the Employee Share Ownership Plan, and announce the independent financial adviser's report before convening the general meeting for reviewing the Employee Share Ownership Plan.
- (VIII) The general meeting was held to consider the scheme of the Employee Share Ownership Plan (Draft). The general meeting will be held with a combination of on-site voting and online voting, and the votes of small and medium-sized investors will be counted separately and publicly disclosed. A resolution on the Employee Share Ownership Plan shall be passed by more than half of the voting rights held by the Shareholders attending the meeting. The Employee Share Ownership Plan shall abstain from voting when the general meeting considers the proposals relating to the transactions between the Participants including the Company and its Shareholders, Directors and senior management.
- (IX) After the establishment of the Employee Share Ownership Plan, a Holders' meeting of the Employee Share Ownership Plan shall be held to elect members of the Management Committee to clarify the specific matters for the implementation of the Employee Share Ownership Plan.
- (X) The implementation of the Employee Share Ownership Plan is subject to approval by the extraordinary general meeting. Within two trading days after the completion of the transfer of the last batch of the Target Shares to the Employee Share Ownership Plan, the acquisition time, quantity and proportion of the Target Shares shall be disclosed in an extraordinary announcement.
- (XI) Other procedures required by the CSRC, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange shall be implemented.

XIII. Miscellaneous

- (I) The financial and accounting treatment and taxation and other matters regarding the Employee Share Ownership Plan shall be implemented in accordance with the relevant financial system, accounting standards and taxation system.
- (II) The Employee Share Ownership Plan shall become effective upon the consideration and approval by the Shareholders at the general meeting of the Company.
- (III) The Employee Share Ownership Plan considered and approved by the Board of the Company and the Shareholders' general meeting does not constitute the Company's commitment to the employment period. The employment relationship between the Company and the Holders shall still be carried out in accordance with the employment contract signed between the Company and the Holders.
- (IV) The interpretation right of the Employee Share Ownership Plan belongs to the Board of the Company, and shall become effective upon the approval by the general meeting of Shareholders of the Company.

Asymchem Laboratories (Tianjin) Co., Ltd.
Board of Directors
November 17, 2022

Asymchem Laboratories (Tianjin) Co., Ltd.

**THE ADMINISTRATIVE MEASURES FOR
THE 2022 EMPLOYEE SHARE
OWNERSHIP PLAN**

NOVEMBER 2022

CHAPTER 1 GENERAL PROVISIONS

Article 1 These measures are formulated to regulate the implementation of the 2022 Employee Share Ownership Plan (the “Employee Share Ownership Plan”) of Asymchem Laboratories (Tianjin) Co., Ltd. (the “Company” or “Asymchem”), in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Guiding Opinions on the Pilot Implementation of Employee Share Ownership Plan by Listed Companies issued by the CSRC (the “Guiding Opinions”), the Guidance No. 1 of Shenzhen Stock Exchange on Self-regulation by Listed Companies – the Standardized Operation of Listed Companies on the Main Board (the “Self-regulatory Guidance No.1”) and other relevant laws and administrative regulations, regulatory documents, the provisions of the Articles of Association of Asymchem Laboratories (Tianjin) Co., Ltd. (the “Articles”), and the 2022 Employee Share Ownership Plan (Draft) of Asymchem Laboratories (Tianjin) Co., Ltd.

CHAPTER 2 THE FORMULATION OF EMPLOYEE SHARE OWNERSHIP PLAN**Article 2** Purpose of the Employee Share Ownership Plan

The Employee Share Ownership Plan (Draft) in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidance No.1, and other relevant laws, administrative regulations, rules, regulatory documents, and the Articles.

Employees of the Company participate in the Employee Share Ownership Plan on a voluntary, legal, and compliant basis. The purpose of implementing the Employee Share Ownership Plan is to establish and improve the benefit-sharing mechanism of the employees and the Shareholders, improve the corporate governance level, increase the employees’ cohesion and the competitiveness of the Company, and keep employees motivated and creative so that we can promote the long-term, sustainable, and stable development of the Company.

Article 3 Basic principles of the Employee Share Ownership Plan**(I) Lawfulness and compliance**

The implementation of the Employee Share Ownership Plan shall be in strict compliance with the procedures stipulated in laws and administrative regulations. The information of the Employee Share Ownership Plan shall be disclosed in a true, accurate, complete, and timely manner. No person shall make use of the Employee Share Ownership Plan for insider trading, transfers of illegal interests, securities market manipulation, or any other conduct that constitutes a securities fraud.

(II) Voluntary participation

The implementation of the Employee Share Ownership Plan is subject to the voluntary participation of the employees. The Company does not force employees to participate in the Employee Share Ownership Plan by any means such as apportionment and forced distribution.

(III) Self-bearing of risk

Holders of the Employee Share Ownership Plan shall take their own profits, losses, and financial risks, with equal rights as other investors.

Article 4 Holders and allocation of the Employee Share Ownership Plan**(I) Legal basis for determining the eligibility of Participants**

Holders of the Employee Share Ownership Plan are identified in accordance with the Company Law, the Securities Law, the Guiding Opinions, the Self-regulatory Guidance No.1, and other relevant laws, administrative regulations, regulatory documents, and the provisions of the Articles.

All Participants of the Employee Share Ownership Plan shall enter labor contracts or service contracts with the Company. Employees of the Company shall participate in the Employee Share Ownership Plan in accordance with laws and regulations on a voluntary basis and at their own risks.

(II) Position basis for determining the eligibility of Participants

Such position basis includes:

1. Directors (excluding independent Directors), senior management of the Company;
2. core technical (business) personnel of the Company.

The Supervisory Committee of the Company will verify the list of the Holders and explain the details of the verification at the general meeting. The lawyer engaged by the Company will issue legal opinions on whether the qualifications of the Holders are in compliance with the Company Law, the Securities Law, the Guiding Opinions and other relevant laws and regulations, the Articles and the Employee Share Ownership Plan (Draft).

(III) List of the Holders and allocation of units of the Employee Share Ownership Plan

The total number of employees participating in the Employee Share Ownership Plan does not exceed 608 in aggregate, including 10 Directors (excluding independent Directors) and senior management members in total. The ultimate Participants to the Employee Share Ownership Plan are determined based on the actual payments to the Employee Share Ownership Plan.

The corresponding allocation of units and proportions of the Holders are shown in the following table:

Holders	Positions	Number of subscribed units (0'000)	Proportion of total number of units	The number of Shares corresponding to the acquired units (0'000)
Yang Rui	Director, Co-Chief Executive Officer	525.00	3.37%	15
Zhang Da	Director, Chief Financial Officer	700.00	4.49%	20
Xinhui Hu	Chief Technology Officer and Chief Commercial Officer	980.00	6.29%	28
Hong Liang	Director, Executive Vice President	525.00	3.37%	15
Chen Chaoyong	Executive Vice President	525.00	3.37%	15
Jiang Yingwei	Executive Vice President	420.00	2.69%	12
Xiao Yi	Senior Vice President	70.00	0.45%	2
Zhou Yan	Vice president	280.00	1.80%	8
Xu Xiangke	Vice President and Secretary to the Board	280.00	1.80%	8
Zhang Ting	Director	175.00	1.12%	5
Subtotal of Directors and Senior Management (totaling 10 staff)		4,480.00	28.73%	128
Other Core technical (business) personnel of the Company (totaling 598 staff)		11,111.80	71.27%	317.48
Total (608 staff)		15,591.80	100.00%	445.48

Article 5 Size of Target Shares under the Employee Share Ownership Plan

The size of the Target Shares under the Employee Share Ownership Plan does not exceed 4,454,800 Shares, currently accounting for 1.20% of the total share capital of the Company. The specific number of Shares held shall be subject to the actual payment made by the employees. The Company will promptly fulfill the obligation of information disclosure as required.

After the implementation of the Employee Share Ownership Plan, the total number of all effective Shares held by the Employee Share Ownership Plan in aggregate shall not exceed 10% of the total share capital of the Company, and the total number of Shares corresponding to the entitlements of any Holder shall not exceed 1% of the total share capital of the Company (excluding Shares acquired by the employees before the initial public offering of Shares of the Company, the Shares acquired through self-purchase on the secondary market and the Shares acquired through equity incentives).

Article 6 Source of the Target Shares under the Employee Share Ownership Plan

The source of Shares in the Employee Share Ownership Plan is ordinary A Shares of Asymchem repurchased and held in the designated repurchase account of the Company.

At the 27th meeting of the fourth session of the Board held by the Company on August 3, 2022, the Company considered and approved the Resolution on the Plan of Repurchasing Shares of the Company. The Company was approved to repurchase the Shares with its own funds through centralized price bidding via Shenzhen Stock Exchange trading system for the purpose of the subsequent implementation of share incentive scheme and cancellation of reduction of registered capital. The total funds for repurchasing the Shares shall be no less than RMB400 million (RMB400 million inclusive) and no more than RMB800 million (RMB800 million inclusive); the repurchase price shall not exceed RMB290 per Share (RMB290 inclusive). The repurchase of A Shares shall be no more than 12 months from the date of approval at the general meeting of Shareholders.

The Resolution on the Plan of Repurchasing Shares of the Company was considered and approved at the 2022 Third Extraordinary General Meeting, the 2022 Third A Shares Class Meeting, and the 2022 Third H Shares Class Meeting held by the Company on September 2, 2022.

On September 5, 2022, the Company made the first repurchase of 549,675 Shares of the Company (accounting for 0.1605% of the total share capital of A Share of the Company) through centralized price bidding by the designated repurchase account. The highest and the lowest prices for the repurchase were RMB162.23 per Share and RMB160.55 per Share. The total trading amount (excluding transaction costs) was RMB88,574,158.37.

The Company published an Announcement on Completion of Share Repurchase and Change in Shares on November 11, 2022, which stipulated that the time frame for the share repurchase was from September 5, 2022 to November 10, 2022, and the Company made a repurchase of 5,229,266 Shares of the Company in aggregate through centralized bidding transactions via designated securities account for share repurchase, representing 1.5271% of the A Share capital of the Company, with the highest and the lowest traded prices being RMB169.94 per share and RMB126.94 per share, respectively. The total trading amount (excluding transaction fees) was RMB799,475,512.77. The Company's share repurchase is in compliance with the requirements of relevant laws and regulations and is in line with the established repurchase program. Currently, the repurchase program is completed.

Article 7 The source of funds of the Employee Share Ownership Plan

- (I) The funds for the subscription of Shares of the Employee Share Ownership Plan by the Participants shall come from the legal remuneration, self-raised funds or other sources permitted by laws and regulations. The Company does not provide financial assistance such as advances, guarantees and loans to the Participants by any means, nor has the Company applied any leveraged funds. and there is There is no arrangement for any third party to provide rewards, subsidies or guarantees for employees' participation in the Share Ownership Plan.
- (II) The total amount of the Employee Share Ownership Plan shall be no more than RMB155,918,000 at the time of its establishment, and shall be subscribed at RMB1 per unit with no more than 155,918,000 units. Each employee shall subscribe for units in integer multiples with an initial subscription number at 1 (that is, the subscription amount is RMB1), subscription more than 1 unit shall be calculated cumulatively in integer multiples of 1. The specific number of units held by the Holders of the Share Ownership Plan shall be determined by the actual contributions made by the employees.

Article 8 Purchase price and pricing basis of the Employee Share Ownership Plan

The Employee Share Ownership Plan will acquire Shares of the Company from the Company's designated repurchase account through non-trading transfer and other means permitted by laws and regulations, with the transfer price of RMB35.00 per Share, which is 22.89% of the average trading price that the Company repurchased Shares.

Participants of the Employee Share Ownership Plan are Directors (excluding independent Directors), senior management and core technical (business) personnel of the Company, who have played essential roles in the Company's historical performance and will stay important to the Company's future development. In order to enhance the sense of mission and responsibility of the Company's team including core personnel to develop the Company, taking into account the actual development status and industry development prospects of the Company, the Employee Share Ownership Plan intends to motivate the above Participants at a reasonable cost to enhance the overall core competitiveness of the Company.

The price of the repurchased Shares of the Company under the Employee Share Ownership Plan is determined in compliance with laws and regulations, taking into account not only the actual needs and the competitive environment of the industry, but also comprehensive factors such as the level of employee remuneration and cost pressure. Based on the principle of reciprocity between incentives and constraints, the Employee Share Ownership Plan adopts the aforesaid pricing in combination with setting a high unlocking condition related to the company level performance appraisal and the individual performance appraisal, and an additional lock-up period is added. The Company aims to achieve the consistency of interests of Shareholders and employees by establishing and improving the interest sharing mechanism between employees and Shareholders, further establish and improves the long-term incentive mechanism of the Company, effectively mobilize the enthusiasm and creativity of Participants, and promote the stable, sound and long-term development of the Company, which is also conducive to maximizing the interests of Shareholders without jeopardizing the interests of the Company or all Shareholders.

Article 9 Duration, lock-up period and performance appraisal of the Employee Share Ownership Plan

(I) The duration of the Employee Share Ownership and decision-making process for renewal after the expiry of Duration

1. The duration of the Employee Share Ownership Plan is 54 months, commencing from the date when the Company announces that the last batch of the Target Shares has been transferred to the Employee Share Ownership Plan. The Employee Share Ownership Plan will automatically terminate upon the expiry of the Duration if it is not renewed.
2. Provided that the Shares of the Company held by the Employee Share Ownership Plan are still not fully sold or transferred to the Holders, the duration of the Employee Share Ownership Plan may be extended within 1 month before the expiry of the duration of the Employee Share Ownership Plan, as agreed by the attending Holders with more than two-thirds (two-thirds inclusive) of the total units at the Holders' Meeting of the Employee Share Ownership Plan (the "Holders' Meeting"), and as considered and approved by the Board of the Company.
3. Provided that the Shares of the Company held by the Employee Share Ownership Plan cannot be fully disposed of prior to the expiry of the Duration due to suspension of trading or short window period, the duration of the Employee Share Ownership Plan may be extended, as agreed by the attending Holders with more than two-thirds (two-thirds inclusive) of the total units at the Holders' Meeting, and as considered and approved by the Board of the Company.

4. Listed companies shall disclose an alert announcement six months prior to the expiry of the Employee Share Ownership Plan, stating the number of Shares held by the Employee Share Ownership Plan which is about to expire and the percentage thereof of the total share capital of the Company.
5. Listed companies shall, no later than the expiry of the Duration, disclose the number of the Shares held by the expired Employee Share Ownership Plan and the percentage thereof of the total share capital of the Company at the expiry of the Duration, and the disposal arrangements upon expiry. If an extension is proposed, the Company shall explain the differences of the plan from it before the extension in compliance with the disclosure requirements under the Self-regulatory Guidance No.1 and the Company shall also perform the respective review procedures and disclosure obligations in accordance with the provisions of the Employee Share Ownership Plan.

(II) Reasonableness and compliance of the lock-up period of the Target Shares relating to the Employee Share Ownership

1. The Target Shares of the Employee Share Ownership Plan are acquired through non-trading transfer and other means permitted by laws and regulations, and shall be unlocked in three installments commencing 12 months after the date of the last registration of the Target Shares into the name of this Employee Share Ownership Plan as announced by the Company, with a lock-up period of up to 36 months, which are detailed as follows:

The first unlock phase: 40% of the total number of the Target Shares held by the Employee Share Ownership Plan shall be unlocked after 12 months from the date of the registration of the last transfer of the Target Shares to the Employee Share Ownership Plan as announced by the Company.

The second unlock phase: 30% of the total number of the Target Shares held by the Employee Share Ownership Plan shall be unlocked after 24 months from the date of the registration of the last transfer of the Target Shares to the Employee Share Ownership Plan as announced by the Company.

The third unlock phase: 30% of the total number of the Target Shares held by the Employee Share Ownership Plan shall be unlocked after 36 months from the date of the registration of the last transfer of the Target Shares to the Employee Share Ownership Plan as announced by the Company.

During the lock-up period, Shares acquired from any bonus issue and conversion of capital reserve into share capital of the Company shall also be locked up with the same lock-up period as the original Shares.

2. Additional lock-up period

The Holders have also voluntarily agreed to undertake an additional lock-up period of the Employee Share Ownership Plan with details as follows:

- (1) All Holders voluntarily undertake not to allocate the interests of the Target Shares in any form, which have satisfied the unlocking conditions, within three months from the date of expiry of the lock-up period.
- (2) If the arithmetic mean of the closing market value of the Company within 20 trading days before the expiry of three months additional lock-up period from the date of expiry of each lock-up period is growing at less than 45%, 55% and 65%, respectively, than the arithmetic mean (i.e a market value of RMB54.889 billion) of the closing market value of the Company within 20 trading days before the Employee Share Ownership Plan is considered by the Board, each batch of units will be locked for another three months after three months from the date of the expiry of the lock-up period.
- (3) Upon the expiry of the additional lock-up period and prior to the expiry of the Duration, the Employee Share Ownership Plan shall be the one to decide whether to dispose the Shares in accordance with the arrangements of the Employee Share Ownership Plan taking into account the prevailing market conditions, and will uniformly handle the sale of each batch that satisfies the unlocking conditions.

3. Explanation of the reasonableness and compliance of the lock-up period of the Employee Share Ownership Plan

The lock-up period of the Employee Share Ownership Plan is set based on the principle of reciprocity between incentives and constraints. The purchase price of the Employee Share Ownership Plan is partially discounted. Therefore, a 12-month lock-up period is set with an unlocking in three installments. The unlocking ratio is 40%, 30% and 30% respectively. In addition to the above lock-up period, an additional lock-up period is also set. The Company believes that, on the basis of legal compliance, the lock-up period with an unlocking in three installments and the additional lock-up period can fully place motivation and restraint on employees, so as to more effectively unify interests of the Holders and the Company as well as the Company's Shareholders to achieve the purpose of the Company's Employee Share Ownership Plan, which in return, can promote the Company's stable, sound and long-term sustainable development.

(III) Performance appraisals of the Employee Share Ownership Plan***1. Performance appraisal targets of the Company***

The years for unlocking appraisal of the granted Shares under the Employee Share Ownership Plan at the Company level contain three fiscal years from 2023 to 2025. The appraisal will be conducted in an annual manner with targets for each year set out as follows:

The first unlocking phase: Based on the operating revenue in 2021, the growth rate of the Company's operating revenue in 2023 shall be no less than 80%;

The second unlocking phase: Based on the operating revenue in 2021, the growth rate of the Company's operating revenue in 2024 shall be no less than 120%;

The third unlocking phase: Based on the operating revenue in 2021, the growth rate of the Company's operating revenue in 2025 shall be no less than 150%.

- Notes:*
1. The above indicator of operating revenue in 2021 shall be calculated after excluding the Company's operating revenue in 2021 generated from the three orders as disclosed in the Announcements on Entering Into Significant Contracts of Daily Operating of Asymchem Laboratories (Tianjin) Co., Ltd. (Shenzhen Stock Exchange announcement no. 2021-115, 2021-125 and 2022-018, respectively) (The operating revenue after the deduction in 2021 amounted to RMB3,409 million).
 2. The above indicators of the growth rate of the operating revenue from 2023 to 2025 shall be calculated after excluding the Company's operating revenue in 2021 generated from the three orders as disclosed under the Announcements on Entering Into Significant Contracts of Daily Operating of Asymchem Laboratories (Tianjin) Co., Ltd. (Shenzhen Stock Exchange announcement no. 2021-115, 2021-125 and 2022-018, respectively).

If the performance appraisal indicators of the Company under the Employee Share Ownership Plan are not qualified, the equity interest of the Target Shares shall not be unlocked and shall be recovered by the Management Committee of the Employee Share Ownership Plan (the "Management Committee"). The amount will be returned to the Holders at the lower value between the initial investment amount and the proceeds after the sale. The interest that remains after returning to the Holders belongs to the Company.

2. Individual performance appraisal

The Employee Share Ownership Plan will appraise the performance of individuals in accordance with relevant Company's regulations of performance appraisals. The number of the equity interests of Target Shares finally unlocked by the Holders in accordance with the results of the individual performance appraisal is determined as follows:

Appraisal Results	Excellent	Good	Pass	Fail
Level	A	B	C	D
Unlocking factor	1.0	0.8	0.6	0

The number of Target Shares to be unlocked in the current period equals to the target number of underlying A Shares to be unlocked times the corresponding unlocking factor, among which, the target number of underlying A Shares to be unlocked is a portion of unlocked A Shares attributable to the Holders under the batch that the Company satisfied the performance appraisal indicators.

Where the number of Target Shares actually unlocked by the Holders is less than the target number to be unlocked, the Management Committee shall have the power to decide to withdraw the Shares unable to be unlocked, and shall have the power to decide whether to allocate the withdrawn Shares to other employees who are eligible to participate in the Employee Share Ownership Plan. The Management Committee will determine the transfer of such Shares in sole discretion taking into account the actual situation and subject to the relevant restrictions, including whether such Shares shall be transferred to other qualified employees, the transfer amount, the transfer price, the lock-up period, the performance appraisal, etc. If such Shares are not fully allocated during the Employee Share Ownership Plan, the unallocated portion will be disposed of by the Management Committee at an appropriate time during the Duration after the unlocking date and will be returned to the Holders at the lower value between the initial investment amount and the proceeds after the sale. The interest that remains after returning to the Holders belongs to the Company.

(IV) The Employee Share Ownership Plan shall strictly abide by the market trading rules and comply with the requirement of the CSRC and the Shenzhen Stock Exchange that no Shares shall be traded during the information sensitive period. No Shares of the Company shall be traded during the following periods:

- (1) The period within 30 days prior to the publication of annual reports and interim reports of the Company, or from 30 days prior to the original scheduled date of announcement to 1 day prior to the date of announcement if the date of annual reports and interim reports is postponed due to special reasons;

- (2) The period within 10 days before the publication of quarterly reports, performance forecasts or preliminary results announcements;
- (3) The period from the date when any material event that may have a material impact on the trading price of the Company's Shares or their derivative products occurs or enters into the process of decision making, until the date of its lawful disclosure;
- (4) Other periods as stipulated by the CSRC, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange.

Article 10 Implementation procedures of the Employee Share Ownership Plan

- (I) The Board of the Company is responsible for formulating the Employee Share Ownership Plan (Draft).
- (II) The Company shall fully solicit the opinions of employees through employee representative meetings and other organizations before the implementation of the Employee Share Ownership Plan.
- (III) The Board of the Company shall review the Employee Share Ownership Plan (Draft), and independent Directors shall provide their independent opinions on whether the Employee Share Ownership Plan is conducive to the sustainable development of the Company, whether it harms the interests of the Company and all Shareholders, whether employees' opinions on the plan have been sought before launch, and whether there is any situation where employees are forced to participate in the Employee Share Ownership Plan by appropriation, forced allocation or other means.
- (IV) The Supervisory Committee of the Company is responsible for verifying the list of the Holders, and shall provide their opinions on whether the Employee Share Ownership Plan is conducive to the sustainable development of the Company, whether it harms the interests of the Company and all Shareholders, whether employees' opinions on the plan have been sought before launch, and whether there is any situation where employees are forced to participate in the Employee Share Ownership Plan by appropriation, forced allocation or other means.
- (V) When the Board reviews the Employee Share Ownership Plan, Directors related to the Employee Share Ownership Plan shall abstain from voting. The Board shall announce, among others, the resolutions of the Board, the summary of the Employee Share Ownership Plan (Draft), opinions of the independent Directors and the Supervisory Committee within two trading days after the consideration and approval of the draft of the Plan.

- (VI) The Company shall engage a law firm to issue legal opinions on whether the Employee Share Ownership Plan and its related matters are legal and compliant, and whether the necessary decision-making and approval procedures are fulfilled, and to announce the legal opinion before two trading days of the convening of the on-site meeting of the relevant general meeting.
- (VII) The Company shall engage an independent financial adviser to issue an independent financial adviser's report on the Employee Share Ownership Plan, and announce the independent financial adviser's report before convening the general meeting for reviewing the Employee Share Ownership Plan.
- (VIII) The scheme of the Employee Share Ownership Plan (Draft) shall be considered by the general meeting. The general meeting will adopt a combination of on-site voting and online voting, and the voting of small and medium-sized investors will be counted separately and disclosed publicly. A resolution on the Employee Share Ownership Plan shall be passed by more than half of the voting rights held by the Shareholders attending the meeting. The Employee Share Ownership Plan shall abstain from voting when the general meeting considers a proposal relating to transactions between the Company and the Participants including the Shareholders, Directors and senior management.
- (IX) After the establishment of the Employee Share Ownership Plan, a Holders' Meeting of the Employee Share Ownership Plan shall be held to elect members of the Management Committee to clarify the specific matters for the implementation of the Employee Share Ownership Plan.
- (X) The implementation of the Employee Share Ownership Plan is subject to approval by the extraordinary general meeting. Within two trading days after the completion of the transfer of the last batch of the Target Shares to the Employee Share Ownership Plan, the acquisition time, quantity and proportion of the Target Shares shall be disclosed in an extraordinary announcement.
- (XI) Other procedures required by the CSRC, the Shenzhen Stock Exchange and the Hong Kong Stock Exchange.

CHAPTER 3 MANAGEMENT MODE OF THE EMPLOYEE SHARE OWNERSHIP PLAN

Article 11 Management of the Employee Share Ownership Plan

The Board is responsible for formulating and amending the Employee Share Ownership Plan (Draft), which is subject to the consideration and approval by the general meeting of the Company. The Board will handle other relevant matters of the Employee Share Ownership Plan within the scope authorized by the general meeting of the Company. The Employee Share Ownership Plan shall be managed by the Company itself upon the approval at the general meeting.

The Supervisory Committee of the Company is responsible for verifying the list of the Holders, and shall provide their opinions on whether the Employee Share Ownership Plan is conducive to the sustainable development of the Company, whether it harms the interests of the Company and all Shareholders, whether employees' opinions on the plan have been sought before launch, and whether there is any situation where employees are forced to participate in the Employee Share Ownership Plan by appropriation, forced allocation or other means.

The independent Directors are responsible for giving independent opinions on whether the Employee Share Ownership Plan is conducive to the sustainable development of the Company, whether it harms the interests of the Company and all Shareholders, whether employees' opinions on the plan have been sought before launch, and whether there is any situation where employees are forced to participate in the Employee Share Ownership Plan by appropriation, forced allocation or other means.

The top internal management authority of the Employee Share Ownership Plan is the Holders' Meeting, and the Management Committee is formed upon the election at the Holders' Meeting. The Management Committee will exercise, or authorize the management agency to exercise, all the Shareholders' rights except for voting rights on behalf of all the Holders, and perform the daily management function of the Employee Share Ownership Plan as authorized by the holders.

Article 12 Holders of the Employee Share Ownership Plan

Participants who have actually paid their contributions to subscribe for the units of the Employee Share Ownership Plan shall become the Holders of the Employee Share Ownership Plan.

(I) Rights of the Holders are as follows:

1. potential gains in share price appreciation from the sales of Shares held through the subscription of the Employee Share Ownership Plan when the unlocking requirements are met;
2. interest and dividends of the Shares they held through the subscription of the Employee Share Ownership Plan during the period from the subscription to sale;
3. entitlements to appreciation of other non-equity assets through the subscription of the Employee Share Ownership Plan;
4. attending the Holders' Meeting and exercising relevant voting rights in accordance with laws;
5. rights to elect (add), dismiss any member of the Management Committee;

6. rights to convene the Holders' Meeting;
7. amending the Administrative Measures for the Employee Share Ownership Plan;
8. other rights stipulated by laws, administrative regulations, departmental rules and the Administrative Measures for the Employee Share Ownership Plan.

(II) Obligations of the Holders are as follows:

1. comply with the Employee Share Ownership Plan;
2. fulfil all undertakings made for participating in the Employee Share Ownership Plan;
3. pay for the subscription in the Employee Share Ownership Plan in full within the agreed period as committed;
4. comply with the Articles;
5. comply with the Administrative Measures for the Employee Share Ownership Plan;
6. shall not transfer any units they held under the Employee Share Ownership Plan unless a necessary transfer is required by the Employee Share Ownership Plan and shall not withdraw from the Employee Share Ownership Plan during the duration of the Employee Share Ownership Plan;
7. shall cooperate with the Company to transfer all units held by themselves if the Company discharges or terminates the employment contract due to a voluntary turnover of the Holder, a dismissal or a termination upon agreement;
8. bear audit fees, attorney's fees and other related expenses of the Employee Share Ownership Plan according to the units they held under the Employee Share Ownership Plan;
9. bear statutory taxes and fees payable by the Employee Share Ownership Plan according to the units they held under the Employee Share Ownership Plan;
10. bear taxes by themselves as required by laws and regulations due to participating in the Employee Share Ownership Plan;
11. comply with the resolutions of the Holders' Meeting and the meeting of Management Committee;

12. other obligations stipulated by laws, administrative regulations and departmental rules.

Article 13 Holders' Meeting of the Employee Share Ownership Plan

(I) The Holders' Meeting comprised by all Holders and shall exercise the functions and powers as below:

1. to elect and dismiss any members of the Management Committee;
2. to review the changes, termination and the extension of the duration of the Employee Share Ownership Plan;
3. to authorize the Management Committee to monitor the daily management of the Employee Share Ownership Plan;
4. to authorize the Management Committee to exercise Shareholder rights except for voting rights corresponding to the Shares held by the Employee Share Ownership Plan, including participating in the arrangements of cash dividends, dividends on bonds, bonus issue, conversion of Shares, Share allotment and bond placement of the Company;
5. to formulate and amend the Administrative Measures for the Employee Share Ownership Plan;
6. to stipulate the exercisable functions and powers in accordance with the Administrative Measures for the Employee Share Ownership Plan;
7. other functions and powers that can be exercised by the Holders' Meeting of the Employee Share Ownership Plan as prescribed by laws and regulations or the CSRC.

Article 14 Procedures for convening Holders' Meetings

(I) The first Holders' Meeting shall be convened and presided over by the secretary to the Board or his or her authorized person(s), and subsequent Holders' Meetings shall be convened by the Management Committee and presided over by chairman of the Management Committee; when chairman of the Management Committee fails to perform his or her duties, he or she shall appoint a member of Management Committee to preside over the meeting.

(II) A Holders' Meeting shall be convened in the event of any of the following situations:

1. the Board proposes changes to the Employee Share Ownership Plan;
2. members of the Management Committee leaves or fails to perform his or her duties for three consecutive months or in other circumstances that makes him or her unfit to serve as a member of the Management Committee;
3. other matters that have a significant impact on the rights and obligations of the Holders of the Employee Share Ownership Plan that a Holders' Meeting needs to be convened.

(III) To convene a Holders' Meeting, the Management Committee shall issue a notice of the meeting three days in advance and serve the notice to all Holders by direct delivery, mail, fax, email, telephone, WeChat or other means.

(IV) The notice shall at least include the followings:

1. time and venue of the meeting;
2. method of holding the meeting;
3. proposed matters to be considered at the meeting (meeting proposals);
4. convener and chairman of the meeting, and the proposer (s) of the meeting and his or her (their) written proposals;
5. materials necessary for voting in the meeting;
6. requirement that Holders shall attend in person or appoint other Holders to attend the meeting on their behalf;
7. contact person and contact information;
8. date of issuance of the notice.

In case of any emergency, a Holders' Meeting can be convened by a verbal notice. The verbal meeting notice shall at least include the 1 and 2 of the above points and an explanation on the emergency and necessity to convene a Holders' Meeting as soon as possible.

Article 15 Voting procedures of the Holders' Meeting

- (I) The voting procedures of the Holders' Meeting are as follows:
1. After each proposal has been fully discussed, the chairman shall invite the Holders attending the meeting to vote in a timely manner. The chairman may also invite the Holders attending the meeting to vote only after all proposals for the meeting have been discussed. The voting shall be carried out by show of hands or paper ballot;
 2. Each unit held by the Holders of the Employee Share Ownership Plan is entitled to one vote;
 3. The Holders may choose to vote for, against or abstain in any resolution. The Holders attending the meeting shall select one of the aforesaid voting options, and any vote with no option or more than two options indicated will be deemed as abstention. Any Holder who leaves in the course of the meeting without indicating any voting options shall be deemed as abstained from voting. Any vote made after the announcement of voting results by the chairman of the meeting or lapse of voting period shall not be counted;
 4. A proposed resolution shall be valid after passed by more than half of units held by the Holders attending the meeting, unless the consent of more than two-thirds of the portion of units is required by the Employee Share Ownership Plan;
 5. In the event that the resolution of the Holders' Meeting is required be submitted to the Board or the general meeting of the Company for consideration, it shall be submitted to the Board or the general meeting of the Company for consideration in accordance with the Articles;
 6. The chairman of the meeting shall arrange and keep records for the Holders' Meeting.
- (II) The Holders who individually or jointly hold over 30% of the voting rights in the Employee Share Ownership Plan may submit a temporary proposal to the Holders' Meeting; and the temporary proposal shall be submitted to the Management Committee 3 days prior to the Holders' Meeting.
- (III) The Holders who individually or jointly hold over 10% of the voting rights in the Employee Share Ownership Plan may propose convening an extraordinary Holders' Meeting. Holders' Meetings shall be held only when the attending Holders hold over 50% of the voting rights of the Employee Share Ownership Plan.

Article 16 Management Committee of the Employee Share Ownership Plan

The Management Committee is the daily management body of the Employee Share Ownership Plan. The Management Committee is accountable to all the Holders. The term of office of the committee members is consistent with the Duration. In the event that the Duration is extended, the term of the members shall be extended accordingly.

(I) Procedures for nominating member candidates of the Management Committee:

The Management Committee comprises five members with one director of the Management Committee. All members of the Management Committee shall be elected by the Holders' Meeting. The director of the Management Committee shall be elected by more than half of all members of the Management Committee.

(II) Obligations of members of the Management Committee:

The members of the Management Committee shall abide by laws and regulations and shall earnestly study and understand the Employee Share Ownership Plan and bear the following obligations:

1. not to take advantage of their positions and authority to accept bribes or other illegal income; not to embezzle any property of the Employee Share Ownership Plan;
2. not to misappropriate funds of the Employee Share Ownership Plan;
3. not to open personal account under his or her own name or other individual's names with the assets or funds of the Employee Share Ownership Plan as the deposits without the consent of the Management Committee;
4. not to lend the funds of the Employee Share Ownership Plan to other persons or provide guarantee for other persons with the properties of the Employee Share Ownership Plan without the consent of the Holders' Meeting;
5. not to unauthorizedly disclose trade secrets related to the Employee Share Ownership Plan;
6. not to prejudice the interests of other Holders of the Employee Share Ownership Plan;
7. other obligations stipulated by laws, administrative regulations and departmental rules.

Where a member of the Management Committee causes any loss to the Employee Share Ownership Plan due to his or her breach of the above obligations, such a member shall be liable for indemnification.

(III) Functions and powers of the Management Committee:

1. to convene the Holders' Meeting;
2. to execute the resolutions of the Holders' Meeting;
3. to supervise the daily management of the Employee Share Ownership Plan on behalf of all Holders;
4. to exercise Shareholder rights other than voting rights of the Shares of Asymchem, on behalf of all Holders of the Employee Share Ownership Plan, including participation in the Company's arrangements of cash dividends, bond conversion, bonus issue, Share reserve, Share allotment and bond placements;
5. to supervise the asset allocation of the Employee Share Ownership Plan;
6. to determine the disqualification of the Holders and the handling of the units held by the disqualified Holders, including the increase of the holders, the change of the Holders' Shares, etc., in accordance with the provisions of the Employee Share Ownership Plan;
7. to propose changes of the Employee Share Ownership Plan to the Board of Asymchem;
8. to handle the registration of Share of the Employee Share Ownership Plan, vesting of funds and beneficial ownership, transfer;
9. to sign relevant documents on behalf of all the Holders;
10. to propose to amend the Administrative Measures for the Employee Share Ownership Plan;
11. to communicate with and contacting Asymchem;
12. to act in accordance with the actual needs, developing regulatory documents relating to the Employee Share Ownership Plan which are applicable to all Holders;
13. other duties as delegated by the Holders' Meeting;
14. other duties that should be performed by the Management Committee as stipulated in the Draft of the Plan and relevant laws and regulations.

- (IV) The director of the Management Committee shall discharge the following functions and authority:
1. convene and preside over the Management Committee meetings;
 2. supervise the implementation of resolutions of the Holders' Meetings and the Management Committee meetings;
 3. other duties and authority as delegated by the Management Committee.
- (V) The resolutions of the Management Committee meeting shall be announced to all Holders in a certain manner.
- (VI) The Management Committee meeting shall be convened occasionally by the director of the Management Committee. A notice of the meeting shall be sent out to all members of the Management Committee 1 day prior to the meeting.
- (VII) The members of the Management Committee may propose an extraordinary meeting of the Management Committee. The director of the Management Committee shall convene and preside over a Management Committee meeting within 3 days upon receipt of the proposal.
- (VIII) A majority of the Management Committee members shall be present at the Management Committee meeting. Resolutions made by the Management Committee must be approved by a majority of all its members. Voting on the resolutions of the Management Committee shall be on a one-person-one-vote basis.
- (IX) The voting method for resolutions of the Management Committee is conducted by way of open ballot. Provided that the members of the Management Committee can fully express their views, the meetings of the Management Committee can be convened, and the resolutions thereof can be resolved by means of fax and shall be signed by members of the Management Committee attending the meeting.
- (X) The members of the Management Committee shall attend the Management Committee meetings in person; for any member who cannot attend the meetings in person, he or she may appoint other member(s) of the Management Committee as his or her proxy in writing to attend the meetings. A form of proxy shall be signed by the authorizer with the name(s) of the proxy(ies), and the matters, scope and validity period of the authorization being specified. The authorized member of the Management Committee shall exercise his or her rights properly within the scope of authorization. For any member of the Management Committee who neither attends the meetings nor authorizes another member as his or her proxy, he or she will be deemed to have abstained from voting at such meeting.
- (XI) The Management Committee shall take minutes of the matters discussed in the meeting, and all members of Management Committee attending meeting shall sign on the minutes.

Article 17 Board at the authority of the general meeting

The general meeting authorizes the Board to take full charge of specific matters relating to the Employee Share Ownership Plan within the scope of the relevant laws, regulations and regulatory documents, including but not limited to:

- (I) to authorize the Board to handle the establishment, change and termination of the Employee Share Ownership Plan;
- (II) to authorize the Board to decide on the extension and early termination of the Employee Share Ownership Plan;
- (III) to authorize the Board to handle all matters in relation to the transfer, lock-up and unlocking of the Shares purchased under the Employee Share Ownership Plan;
- (IV) to authorize the Board to interpret the Employee Share Ownership Plan (Draft) and its summary;
- (V) to authorize the Board to make decisions on the refinancing matters such as participation in the placing of Shares, issue of new Shares, issue of convertible bonds of the Company during the duration of the Employee Share Ownership Plan;
- (VI) to authorize the Board to change the Participants and the determination criteria of the Employee Share Ownership Plan;
- (VII) to authorize the Board to sign the contract and relevant agreement documents of the Employee Share Ownership Plan;
- (VIII) to authorize the Board to make corresponding amendments and improvements to the Employee Share Ownership Plan according to the adjustments in the event of changes in relevant laws, regulations and policies;
- (IX) to authorize the Board to engage professional institutions with relevant qualifications to provide consulting, management and other services for the Employee Share Ownership Plan according to the implementation of the Employee Share Ownership Plan, and to make decisions on its selection and change;
- (X) to authorize the Board to handle other necessary matters required for the Employee Share Ownership Plan, except for the rights to be exercised by the general meeting as expressly stipulated in the relevant documents.

The Board further authorizes the Management Committee to handle the aforementioned matters relating to the Employee Share Ownership Plan to the extent permitted by applicable laws.

The above authorization shall commence from the date of approval at the general meeting of the Company to the date of completion of the liquidation of the Employee Share Ownership Plan.

Article 18 Management institutions

Subject to the approval of the general meeting, the Employee Share Ownership Plan shall be managed by the Company itself. Depending on the implementation of the Employee Share Ownership Plan, professional institutions with relevant qualifications may be engaged to provide consultation, management and other services for the Employee Share Ownership Plan.

CHAPTER 4 ALTERATION AND TERMINATION OF THE EMPLOYEE SHARE OWNERSHIP PLAN AND DISPOSAL OF HOLDERS' INTERESTS

Article 19 Change in actual control, merger or division of the Company

Where there is any change in the de facto controller of the Company for any reason, or merger or division, the Employee Share Ownership Plan shall not be changed.

Article 20 Alteration of the Employee Share Ownership Plan

Alteration of the Employee Share Ownership Plan includes but not limited to form of contribution, how the Holders acquire Shares and basis for determination of the Holders, and any amendment to the Employee Share Ownership Plan during the Duration shall be subject to the approval of more than two-thirds of the units held by the Holders attending the Holders' Meeting and the consideration and approval of the Board of the Company.

Article 21 Termination of the Employee Share Ownership Plan

- (I) If no resolution regarding the extension of Duration is passed at the Holders' Meeting, the Employee Share Ownership Plan shall be terminated automatically upon expiry of the Duration.
- (II) After expiry of the lock-up period of the Employee Share Ownership Plan, if the assets held by the Employee Share Ownership Plan are all monetary capitals, the Employee Share Ownership Plan may be terminated in advance.
- (III) Except the automatic termination or the early termination aforementioned, any termination of the Employee Share Ownership Plan during the Duration shall be subject to the approval of more than two-thirds of the units held by the Holders attending the Holders' Meeting and the consideration and approval of the Board of the Company and relevant resolutions shall be disclosed in a timely manner.

Article 22 Rights attached to the Shares held by the Employee Share Ownership Plan and the arrangements on the possession, use, benefits and disposal of the rights of the Holders over the Shares

- (I) The Holders of the Employee Share Ownership Plan are entitled to the asset income rights of the Shares held by the Employee Share Ownership Plan according to the actual capital contribution. The Employee Share Ownership Plan voluntarily waives the voting rights of the Shares it held. The corresponding Shares obtained by the Holders through the Employee Share Ownership Plan shall be entitled to Shareholders' rights other than the voting rights at the general meeting of the listed company (including dividend rights, rights issue, conversion of Shares and other asset income rights).
- (II) During the duration of the Employee Share Ownership Plan, unless otherwise stipulated by laws, administrative regulations, departmental rules or with the consent of the Management Committee, the units held by the Holders under the Employee Share Ownership Plan shall not be withdrawn, transferred or used for mortgage, pledge, guarantee, repayment of debts or other similar disposal.
- (III) During the lock-up period, the Holders shall not require the distribution of interests of the Employee Share Ownership Plan.
- (IV) During the lock-up period, in the event of conversion of capital reserve into share capital and bonus issue by the Company, the Shares newly acquired by the Employee Share Ownership Plan from holding the Shares shall also be locked up and shall not be sold in the secondary market or otherwise transferred, the unlocking date of which shall be the same as the corresponding Shares.
- (V) After the end of lock-up period and during the duration of the Employee Share Ownership Plan, the Management Committee shall, pursuant to the authorization of the Holders' Meeting, sell the corresponding Target Shares at an appropriate time during the Duration after the unlocking date of the Employee Share Ownership Plan.
- (VI) After the end of the lock-up period and during the duration of the Employee Share Ownership Plan, the Management Committee shall, pursuant to the authorization of the Holders' Meeting, decide whether to distribute the income corresponding to the Employee Share Ownership Plan. Where the distribution is decided, the Holders' Meeting shall authorize the Management Committee to distribute the income corresponding to the Employee Share Ownership Plan according to the respective proportion of actual payments by the Holders after deducting relevant taxes and fees in accordance with the law.

- (VII) During the duration of the Employee Share Ownership Plan, when the Employee Share Ownership Plan acquires cash or other distributable income from selling the Target Shares it held, it can distribute the income each accounting year, and the Management Committee shall distribute the income according to the respective proportion of payments by the Holders to the Employee Share Ownership Plan after deducting relevant taxes and fees and payables of the plan in accordance with the law.
- (VIII) During the lock-up period, in the event of distribution of dividends by the Company, the cash dividends received by the Employee Share Ownership Plan from holding the Shares of the Company shall be recognised in monetary assets of the Employee Share Ownership Plan and will not be distributed, the distribution of which shall, pursuant to the authorization of the Holders' Meeting, be determined by the Management Committee after the end of relevant lock-up period and during the Duration. After the end of the lock-up period and during the duration of the Employee Share Ownership Plan, in the event of distribution of dividends by the Company, the cash dividends received by the Employee Share Ownership Plan from holding the Shares of the Company shall be recognised in monetary assets of the Employee Share Ownership Plan.
- (IX) In the event of other unspecified events, the disposal method of the units of the Employee Share Ownership Plan held by the Holders shall be determined by the Holders' Meeting.
- (X) During the duration of the Employee Share Ownership Plan, when the Company raises capital by way of share allotment, additional issuance, convertible bonds, etc., the Management Committee shall submit to the Holders' Meeting and the Board for consideration of whether to participate and the specific plan of participation.

Article 23 Measures for the disposal of the rights and interests of the Shares held by the Holders of the Employee Share Ownership Plan when they resign, retire, decease, or are no longer suitable for participating in the Share Ownership Plan

- (I) In case a Holder has a change in job title but still works in the Company or a branch or a subsidiary of the Company, the units of the Employee Share Ownership Plan subscribed by him or her will be fully regulated by the procedures specified in the Employee Share Ownership Plan before the change of his or her job title. However, in case a Holder has a job title change because he or she is not qualified for his or her job, violates laws, disobeys professional ethics, reveals confidential information of the Company, fails to discharge his or her duties or has willful misconduct, causing damages to the interest or reputation of the Company; or the Company terminates his or her employment contract for any of the above reasons, the Management Committee may refuse to unlock the units of the Employee Share

Ownership Plan subscribed by him or her under the Employee Share Ownership Plan but not yet unlocked at the occurrence date of such event, and may withdraw the units in accordance with the provisions of the Employee Share Ownership Plan.

- (II) In case a Holder leaves the Company due to resignation or redundancy, his or her units of the Employee Share Ownership Plan subscribed for but not yet unlocked under the Employee Share Ownership Plan shall not be unlocked, and Management Committee may withdraw the units in accordance with the provisions of the Employee Share Ownership Plan.
- (III) In case a Holder leaves the Company due to retirement, his or her units of the Employee Share Ownership Plan subscribed for under the Employee Share Ownership Plan will be fully regulated by the procedures under the provisions of the Employee Share Ownership Plan before his or her retirement, and the Management Committee may decide that his or her individual performance appraisal conditions are no longer included in the unlocking conditions.
- (IV) In case a Holder leaves the Company due to loss of ability to work, then:
 - 1. in case the Holder loses his or her ability to work due to occupational injury and leaves the Company, his or her units of the Employee Share Ownership Plan subscribed for under the Employee Share Ownership Plan will be fully regulated by the procedures under the provisions of the Employee Share Ownership Plan before his or her retirement, and his or her individual performance appraisal conditions are no longer included in the unlocking conditions;
 - 2. in case the Holder loses his ability to work and leaves the Company for reasons other than occupational injury, the Management Committee may refuse to unlock his or her units of the Employee Share Ownership Plan subscribed for but not yet unlocked under the Employee Share Ownership Plan, and may withdraw the units in accordance with the provisions of the Employee Share Ownership Plan.
- (V) In the case of death of a holder:
 - 1. in case a Holder dies during performance of his duties, his or her units of Employee Share Ownership Plan subscribed under Employee Share Ownership Plan are to be held by his or her designated heir or legal heir on his or her behalf, and are regulated by the procedures under the provisions of the Employee Share Ownership Plan before his death. In addition, the Management Committee may decide that his or her individual performance appraisal conditions are no longer included in the unlocking conditions;

2. in case a Holder dies due to other reasons, the Management Committee may refuse to unlock the units of the Employee Share Ownership Plan subscribed by him or her but not yet unlocked, and may withdraw the units in accordance with the provisions of the Employee Share Ownership Plan.

(VI) Other unspecified circumstances and the handling of which shall be determined by the Management Committee of Employee Share Ownership Plan.

For the units withdrawn by the Management Committee as aforementioned, the Management Committee shall have the power to decide whether to allocate such units to other employees who are eligible to participate in the Employee Share Ownership Plan. The Management Committee will determine the transfer of such units in sole discretion according to the actual situation and subject to the relevant restrictions, including whether such units shall be transferred to other qualified employees, allocation of units, transfer price, lock-up period and performance appraisal. If the allocation of such units is not completed during the Duration, the unallocated portion will be disposed of by the Company at an appropriate time during the Duration after the unlocking date, and the Company shall return to the Holders the lower of the original capital contribution and the sales income of the corresponding units. If there is still income after the return to the holders, the income shall be attributed to the Company.

Article 24 Measures for the disposal of Employee Share Ownership Plan upon expiry or early termination

Liquidation of the Employee Share Ownership Plan shall be completed upon the expiry or within 30 business days after the early termination. The Management Committee shall, after deducting the relevant expenses, allot the assets of the Employee Share Ownership Plan in the form of monetary assets according to the proportion of the units of held by the Holders under the Employee Share Ownership Plan to the total units.

CHAPTER 5 MISCELLANEOUS

Article 25 The financial and accounting treatment and taxation and other matters regarding the Employee Share Ownership Plan shall be implemented in accordance with the relevant financial system, accounting standards and taxation system.

Article 26 The administrative measures shall become effective upon the approval by the Shareholders' general meeting of the Company.

Article 27 The Employee Share Ownership Plan considered and approved by the Board of the Company and the Shareholders' general meeting does not constitute the Company's commitment to the employment period. The employment relationship between the Company and the Holders shall still be carried out in accordance with the employment contract signed between the Company and the Holders.

Article 28 Matters not covered in the administrative measures shall be resolved through negotiation between the Board, the Management Committee and the Holders' Meeting.

Article 29 The interpretation of the administrative measures shall be vested in the Board of the Company.

Asymchem Laboratories (Tianjin) Co., Ltd.
Board of Directors

November 17, 2022

NOTICE OF THE FIFTH 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 FIFTH EXTRAORDINARY GENERAL MEETING OF 2022

NOTICE IS HEREBY GIVEN THAT the fifth 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, December 16, 2022 at No. 71, 7th Street, Economic – Technological Development Area, Tianjin, PRC for the following purposes of considering and, if deemed appropriate, approving the following resolutions.

ORDINARY RESOLUTIONS

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

1. The proposed adoption of the Employee Share Ownership Plan and its summary;
2. The proposed adoption of the Administrative Measures for the Employee Share Ownership Plan; and
3. The proposed authorization for the Board to handle the matters in relation to the Employee Share Ownership Plan.

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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, December 12, 2022. H Shareholders whose names appear on the register of members of the Company on Friday, December 16, 2022 shall be entitled to attend and vote at the EGM. The register of members of the Company will be closed from Tuesday, December 13, 2022 to Friday, December 16, 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, November 28, 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.

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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 November 28, 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, December 15, 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 November 28, 2022.