

Asymchem Laboratories (Tianjin) Co., Ltd.

DIVIDEND POLICY

Chapter I Purpose

Article 1 Asymchem Laboratories (Tianjin) Co., Ltd. (the “Company”) has formulated this policy according to the Company Law of the People’s Republic of China, the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), the Corporate Governance Code and the Corporate Governance Report set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Articles of Association of Asymchem Laboratories (Tianjin) Co., Ltd. (applicable after H-Share Issuance) (the “Articles”) and other laws, administrative regulations, rules and regulatory requirements.

Article 2 This policy aims to set out the principles and guidelines that the Company intends to apply in relation to the declaration, payment or distribution of its net profit, as dividends to the shareholders of the Company.

Chapter II Principles and Guidelines

Article 3 The board of directors of the Company (the “Board”) adopts the dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate cash reserves for meeting its working capital requirements, future growth as well as its shareholder value.

Article 4 The Company does not have any pre-determined payout ratio.

Article 5 The Company will give full consideration to the interests of shareholders and shall implement reasonable dividend policy according to the Company’s business situation and market environment.

Article 6 According to the Articles, all applicable regulations and the factors set out in Article 7 below, dividend distribution of the Company shall be proposed by the Board at its discretion to the shareholders’ meeting, and the Board shall have the right to declare and distribute dividends to the shareholders of the Company upon approval by the shareholders’ meeting.

Article 7 The Board shall also take into account the following factors of the Company and its subsidiaries (collectively, the “Group”) when considering the declaration and payment of dividends:

- results of operation;
- cash flow and financial position;
- operational and capital expenditure requirements;
- distributable profits as determined under PRC Generally Accepted Accounting Principles or International Financial Reporting Standards, whichever is lower;
- market conditions;

- the Company's business strategies and forecast;
- the Company's contractual restrictions and obligations;
- taxation;
- regulatory restrictions;
- cash requirements and availability; and
- any other factor that the Board deems relevant.

Article 8 In accordance with the applicable provisions of the Company Law of the People's Republic of China and the Articles, the Company may only distribute dividends after:

- recovery of accumulated losses (if any);
- allocations to statutory surplus reserves of 10% of our after-tax income, as determined under PRC accounting standards and regulations; and
- allocations to a discretionary surplus reserve fund as approved by our shareholders in a shareholders' meeting.

Article 9 Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- annual dividend;
- special dividend; and
- any distribution of profits that the Board may deem appropriate.

After making the above recommendations and/or declaring dividends, the Board shall make an announcement of the dividend declaration as required.

Article 10 Any declaration and payment of dividends shall be approved by the shareholders' meeting, and any declaration and payment of dividends approved by the shareholders' meeting shall not exceed the amount recommended by the Board.

Article 11 The Company may declare and pay dividends by way of cash or scrip or by other means upon the approval of the Shareholders' meeting.

Article 12 The Company may forfeit unclaimed dividends after the expiration of applicable limitation periods, pursuant to the Articles or applicable provisions.

Chapter III Review of the Policy

Article 13 The Board will review this policy as appropriate.

Chapter IV Monitoring and Reporting

Article 14 A summary of this policy will be disclosed in the Company's annual report.

Chapter V Supplementary Provisions

Article 15 Terms used herein shall have the same meanings as those defined in the Articles unless otherwise specified.

Article 16 For the matters which are not covered by this policy or contradict the laws and regulations currently enforced, issued from time to time or revised, the Hong Kong Listing Rules or the Articles being formulated or amended according to legal procedures upon this policy became effective, such laws and regulations, the Hong Kong Listing Rules or the Articles shall prevail, and this policy shall be amended in a timely manner and submitted to the Board for consideration and approval.

Article 17 This policy was considered and approved by the Board, and shall come into force from the date when the Company's foreign shares listed overseas being listed on The Stock Exchange of Hong Kong Limited for dealing.

Article 18 The Board shall be responsible for the interpretation of this policy.