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JOINN LABORATORIES (CHINA) CO., LTD.

北京昭衍新藥研究中心股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock code: 6127)

GRANT OF RESTRICTED A SHARES UNDER THE 2021 RESTRICTED A SHARE INCENTIVE SCHEME

Reference is made to the circular of JOINN Laboratories (China) Co., Ltd. (the “**Company**”) dated December 30, 2021 (the “**Circular**”) in relation to, among other things, (i) the proposed adoption of the 2021 Restricted A Share Incentive Scheme; (ii) the proposed issue of Restricted A Shares under specific mandate; (iii) the proposed adoption of the Assessment Administrative Measures on the Implementation of the 2021 Restricted A Share Incentive Scheme; and (iv) the proposed authorization to the Board to deal with matters in relation to the 2021 Restricted A Share Incentive Scheme; and the poll results announcement of the first Extraordinary General Meeting of 2022, the first A Share Class Meeting for 2022 and the first H Share Class Meeting for 2022. Unless otherwise indicated, capitalized terms used herein shall have the same meanings as those defined in the Circular.

I. GRANT OF RESTRICTED A SHARES UNDER THE 2021 RESTRICTED A SHARE INCENTIVE SCHEME

The Board hereby announces that the grant conditions under the Incentive Scheme have been met. On January 28, 2022, the Board (including the independent non-executive Directors) has approved the grant of an aggregate of 675,400 Restricted A Shares to 505 Participants who have fulfilled the grant conditions pursuant to the authorization by the Shareholders at the EGM and the Class Meetings. None of the Directors have abstained from voting when the Board reviewed and approved the grant of Restricted A Shares (the “**Grant**”). Details of the Grant are set out as follows:

Date of Grant: January 28, 2022

Grant Price: RMB83.97 per A Share

Number of Restricted A Shares granted:	675,400 Restricted A Shares granted under the Incentive Scheme
Closing price of A Shares on the Date of Grant:	RMB96.88 per A Share
Validity Period:	The Validity Period of the Incentive Scheme shall commence from the completion date of registration of the grant of the Restricted Shares and end on the date on which all the Restricted Shares granted to the Participants are unlocked or repurchased and cancelled, and shall not exceed 48 months.
Source of Restricted Shares to be Granted:	The source of the target Shares to be granted under the Incentive Scheme shall be ordinary A Shares to be issued to the Participants through directed offering by the Company.

II. PARTICIPANTS AND THE DISTRIBUTION OF RESTRICTED A SHARES

Name	Title	Number of Restricted A Shares granted	Percentage to the total number of Restricted A Shares granted (%)	Percentage to the Company's total share capital as at the Date of Grant (%)
Key technical (business) personnel (505 persons)		675,400	100	0.18
Total (505 persons)		675,400	100	0.18

The Grant under the Incentive Scheme does not involve the grant of Restricted Shares to connected persons of the Company (or any of its subsidiaries) and therefore is not subject to the notification, announcement and shareholder approval requirements under Chapter 14A of the Listing Rules. The full text of the Incentive Scheme and Assessment Administrative Measures on the Implementation of the 2021 Restricted A Share Incentive Scheme are set out in the Circular.

III. SHAREHOLDING STRUCTURE OF THE COMPANY BEFORE AND AFTER THE GRANT AND EFFECTS ON THE CONTROLLING SHAREHOLDER OF THE COMPANY BEFORE AND AFTER THE GRANT AND ISSUANCE OF RESTRICTED A SHARES

The shareholding structure of the Company, before and after all the Restricted A Shares granted to the Participants under the Incentive Scheme have been issued and unlocked, is as follows:

	Shareholding immediately before the grant and issuance of Restricted A Shares		Shareholding immediately after the grant and issuance of Restricted A Shares	
	Number of Shares held	Percentage of shareholding (%)	Number of Shares held including the Restricted Shares)	Percentage of shareholding (%)
Total Number of A Shares	<u>320,534,652</u>	<u>100.00</u>	<u>321,210,052</u>	<u>100.00</u>
Total Number of H Shares	<u>60,711,840</u>	<u>100.00</u>	<u>60,711,840</u>	<u>100.00</u>
Total	<u>381,246,492</u>		<u>381,921,892</u>	

IV. PLAN ON THE USE OF PROCEEDS

The proceeds raised by the Company from issuance of the Restricted A Shares under the Grant, i.e., RMB56,713,338, being the total Grant Price which will be paid by the Participants to subscribe for the 675,400 Restricted A Shares under the Incentive Scheme will be fully used to supply the working capital of the Group.

V. IMPACT OF THE GRANT OF RESTRICTED A SHARES ON THE FINANCIAL POSITION OF THE COMPANY

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payment, at each balance sheet date within the lock-up Period, the Company shall revise the number of the Restricted A Shares which are expected to be unlocked according to the change in the latest available number of persons eligible to unlock the restricted shares, completion of the performance targets and other subsequent information, and recognize the services acquired during such period in relevant costs or expenses and capital reserve at the fair value of the Restricted A Shares on the grant date.

The Company has determined the fair value of the Restricted A Shares on the date of grant in accordance with the relevant provisions of the accounting standards and ultimately recognized the share-based payment expense under the Incentive Scheme, which will be recognized in installments in the course of the implementation of the Incentive Scheme in proportion to the release of the Restricted A Shares. The incentive costs arising from the Incentive Scheme will be charged to recurring profit or loss. The Board has determined the date of grant of the Incentive Scheme is January 28, 2022. The total incentive cost of the Restricted A Shares is estimated to be RMB8.719414 million, and the amortization of the cost of Restricted A Shares from 2022 to 2025 is shown in the table below.

Unit: RMB'0,000

Number of the Restricted Shares	Total expenses to be amortized	2022	2023	2024	2025
		675,400	871.9414	519.5318	247.0501

Notes:

1. The Shareholders shall pay attention to the possible dilutive effect of the above-mentioned share-based payments;
2. The final impact of the above amortization costs projections on the Company's operating results is subject to the audit report issued by the accountant.

The Company evaluated on current conditions that, without considering the stimulus effects of the Incentive Scheme on the operation performance of the Company, the amortization of the costs of the Incentive Scheme shall have not substantial, effect on the net profit of each year during the Validity Period. Taking into consideration the positive impact of the Incentive Scheme on the development of the Company, such as motivating the key technical (business) personnel, increasing the operating efficiency and reducing the costs of agents, the benefits generated from the improvement in the Company's operation performance due to the Incentive Scheme shall far exceed the increase of costs incurred by the Incentive Scheme.

By Order of the Board
JOINN Laboratories (China) Co., Ltd.
Feng Yuxia
Chairperson

Hong Kong, January 28, 2022

As at the date of this announcement, the Board comprises Ms. Feng Yuxia as the Chairperson and executive Director, Mr. Zuo Conglin, Mr. Gao Dapeng, Ms. Sun Yunxia and Dr. Yao Dalin as executive Directors, Mr. Gu Xiaolei as a non-executive Director, and Mr. Sun Mingcheng, Dr. Zhai Yonggong, Mr. Ou Xiaojie and Mr. Zhang Fan as independent non-executive Directors.