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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)

CONNECTED TRANSACTION BIORICHLAND LEASE (2022 RENEWAL) AGREEMENT

INTRODUCTION

Biorichland Lease (2022 Renewal) Agreement

Reference is made to the Prospectus. On February 9, 2021, Biorichland and JOINN Laboratories (CA) entered into the Biorichland Lease (2021) Agreement, pursuant to which JOINN Laboratories (CA) agreed to lease from Biorichland the Leased Property in northern California, with a lease term which is going to expire on December 31, 2022. As mentioned in the Prospectus, the Biorichland Lease (2021) Agreement may be renewed for a term of three years by agreement between the parties.

On April 28, 2022 (after trading hours), Biorichland and JOINN Laboratories (CA) entered into the Biorichland Lease (2022 Renewal) Agreement, pursuant to which the term of the Lease was extended to December 31, 2025. The Biorichland Lease (2021) Agreement will remain in full force until the expiry of its term.

Hong Kong Listing Rules Implications

As at the date of this Announcement, Ms. Feng and Mr. Zhou held an aggregate of 138,099,435 A Shares, representing approximately 36.19% of the total issued Shares. As such, each of Ms. Feng and Mr. Zhou is a substantial shareholder and a connected person of the Company. As Biorichland is wholly-owned by Mr. Zhou Fengyuan, the son of Ms. Feng and Mr. Zhou, it is an associate of Ms. Feng and Mr. Zhou and a connected person of the Company. The transaction contemplated under the Biorichland Lease (2022 Renewal) Agreement constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

Under IFRS 16 “Leases”, the Company will recognize the value of the relevant right-of-use assets under the Biorichland Lease (2022 Renewal) Agreement and the transaction contemplated hereunder will be treated as the acquisition of assets by the Company under the Hong Kong Listing Rules and constitute a one-time connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules.

Given that one or more of the relevant applicable percentage ratios in respect of the value of the right-of-use asset to be recognised by the Group under the Biorichland Lease (2022 Renewal) Agreement exceed 0.1% but all are less than 5%, the transactions contemplated under the Biorichland Lease (2022 Renewal) Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.

INTRODUCTION

Reference is made to the Prospectus. On February 9, 2021, Biorichland and JOINN Laboratories (CA) entered into the Biorichland Lease (2021) Agreement, pursuant to which JOINN Laboratories (CA) agreed to lease from Biorichland the Leased Property in northern California, with a lease term which is going to expire on December 31, 2022. As mentioned in the Prospectus, the Biorichland Lease (2021) Agreement may be renewed for a term of three years by agreement between the parties. For further details of the Biorichland Lease (2021) Agreement, please refer to the Prospectus.

With a view to renew and extend the term of the Lease, on April 28, 2022 (after trading hours), Biorichland and JOINN Laboratories (CA) entered into the Biorichland Lease (2022 Renewal) Agreement, pursuant to which the term of the Lease was extended to December 31, 2025. The Biorichland Lease (2021) Agreement will remain in full force until the expiry of its term.

PRINCIPAL TERMS OF THE BIORICHLAND LEASE (2022 RENEWAL) AGREEMENT

Date of agreement: April 28, 2022

Date of Commencement of the Lease: January 1, 2023

Landlord: Biorichland

Tenant: JOINN Laboratories (CA)

Location: 2600 Hilltop Drive, Richmond, CA, the United States

Leased Property: Certain premises located in 2600 Hilltop Drive, Richmond, CA, the United States, including research model facilities, laboratories and office (the “**Leased Premises**”) with gross floor area of approximately 4,500 sq.m. and 6,000 sq.m. respectively, together with all equipment to be used for research and development space (the “**Leased Equipment**”, and together with the Leased Premises, the “**Leased Property**”), for the Company’s facilities in northern California

Permitted Uses: Biomedical research & development, contract research services, a vivarium for housing and use of animals in scientific research, associated office uses

Lease Term: Three (3) years from January 1, 2023

Option to renew: JOINN Laboratories (CA) shall have the option to extend the lease term for three additional years with 3% annual rent increment (subject to renegotiation), provided that JOINN Laboratories (CA) is not in default at the time when the option is exercised.

Rent schedule for the Leased Premises:

Year	Rent per month (US\$)	Annual rent (US\$)	Policy
2023	\$106,547.41	\$1,278,568.88	3% annual increment.
2024	\$109,743.83	\$1,316,925.95	Rent will be paid by
2025	\$113,036.14	\$1,356,433.73	monthly instalment.

Rent for the Leased Equipment: US\$2,226.33 per month

Utilities: All charges incurred for the furnishing of gas, electricity, high-speed internet connection, telephone service, garbage service, and other public utilities to the Leased Premises will be borne by JOINN Laboratories (CA).

BASIS FOR DETERMINATION OF THE RENT PAYABLE

The rent payable for the Leased Property under the Biorichland Lease (2022 Renewal) Agreement was determined by both parties through arm's length negotiations with reference to (i) the historical rent paid for the Leased Property under the Biorichland Lease (2021) Agreement; (ii) the area leased, corollary equipment, geographic location and profile of the area surrounding the Leased Property; (iii) prevailing market rate in respect of the same or similar properties in the same area in which the Leased Property is located; and (iv) the expected increase in the market rate of the rent during the lease term. The terms and conditions on which the Leased Property is to be provided by Biorichland should be in line with the prevailing market terms and no less favorable to us than those offered by independent third parties customers.

VALUE OF THE RIGHT-OF-USE ASSETS

In accordance with IFRS 16 "Leases", the payments to be made by JOINN Laboratories (CA) under the Biorichland Lease (2022 Renewal) Agreement consist of lease (i.e. rentals) components and hence different accounting treatments will be applied.

As at the date of the announcement, the unaudited total value of the right-of-use assets to be recognized by the Company under the Biorichland Lease (2022 Renewal) Agreement is estimated to be approximately RMB24.5 million, which is the present value of the total rent payable for the Leased Property according to the Biorichland Lease (2022 Renewal) Agreement, and may be subject to adjustment in the future. Under IFRS 16 "Leases" and in the consolidated income statement of the Group, the Group shall recognise the (i) depreciation charge over the life of the right-of-use assets, and (ii) interest expenses amortised from the lease liability over the lease term.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

JOINN Laboratories (CA) has been using the leased office at the same location as the Leased Property since January 1, 2017. The Directors consider the Biorichland Lease (2022 Renewal) Agreement to be consistent with the business and commercial objectives of the Company and believe that it will enable the Company to sustain stable research and development at the specific location of the Leased Property without incurring additional costs and expenses in identifying and renovating alternative premises, and ensure that there will be no disruption to the ongoing operations of the Company at the Leased Property.

In addition, in order to cater the rising customer demands in the United States, the Company plans to lease laboratory and research model facilities located in northern California with a total GFA of approximately 6,000 sq.m. from its connected person Biorichland. The Company plans to upgrade and customize such facilities for purposes of hosting and breeding of research models, as well as to procure cutting edge laboratory equipment and technologies to support non-clinical studies by the end of 2022. The Company expects that its future California facilities will achieve synergies with Biomere which can introduce new business opportunities and high-quality customers to the Company's future California facilities, and vice versa.

The Directors (including the independent non-executive Directors) consider that the Biorichland Lease (2022 Renewal) Agreement is on normal commercial terms that are fair and reasonable, and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and in the interest of the Company and its shareholders as a whole.

INFORMATION OF THE PARTIES

Information about Biorichland

Biorichland is a limited liability company incorporated under the laws of California, the United States, and wholly-owned by Mr. Zhou Fengyuan, the son of Ms. Feng and Mr. Zhou, the controlling shareholders of the Company. Biorichland is primarily engaged in real estate management in California, the United States.

Information about the Group

The Group is a leading non-clinical CRO focused on drug safety assessment. The Group is also in the process of expanding our offerings to an integrated range of services covering discovery, pre-clinical and clinical trial stages in the drug R&D service chain. The Group's non-clinical studies refer to pharmaceutical R&D studies other than clinical trials conducted on human subjects. Such non-clinical studies encompass all major stages of the pharmaceutical R&D process, including discovery, pre-clinical and clinical trial stages.

Information about JOINN Laboratories (CA)

JOINN Laboratories (CA) is a company incorporated under the laws of California, the United States and a wholly-owned subsidiary of the Company. JOINN Laboratories (CA) is primarily engaged in non-clinical studies.

HONG KONG LISTING RULES IMPLICATIONS

As at the date of this Announcement, Ms. Feng and Mr. Zhou held an aggregate of 138,099,435 A Shares, representing approximately 36.19% of the total issued Shares. As such, each of Ms. Feng and Mr. Zhou is a substantial shareholder and a connected person of the Company. As Biorichland is wholly-owned by Mr. Zhou Fengyuan, the son of Ms. Feng and Mr. Zhou, it is an associate of Ms. Feng and Mr. Zhou and a connected person of the Company. The transaction contemplated under the Biorichland Lease (2022 Renewal) Agreement constitute a connected transaction under Chapter 14A of the Hong Kong Listing Rules.

Under IFRS 16 “Leases”, the Company will recognize the value of the relevant right-of-use assets under the Biorichland Lease (2022 Renewal) Agreement and the transaction contemplated hereunder will be treated as the acquisition of assets by the Company under the Hong Kong Listing Rules and constitute a one-time connected transaction of the Company under Chapter 14A of the Hong Kong Listing Rules. The right-of-use asset represents the right to use the underlying leased asset over the lease term and the lease liability represents the obligation of the lessee to make lease payments (i.e. the rent). The asset and the liability arising from the lease are initially measured on present value basis and calculated by discounting the non-cancellable lease payments under the Biorichland Lease (2022 Renewal) Agreement, using the weighted average incremental borrowing rate as the discount rate.

Given that one or more of the relevant applicable percentage ratios in respect of the value of the right-of-use asset to be recognised by the Group under the Biorichland Lease (2022 Renewal) Agreement exceed 0.1% but all are less than 5%, the transactions contemplated under the Biorichland Lease (2022 Renewal) Agreement are subject to the reporting and announcement requirements but are exempt from the independent shareholders’ approval requirement under Chapter 14A of the Hong Kong Listing Rules.

Ms. Feng, one of the Directors, had abstained from voting on the Board resolution to approve the transaction contemplated under the Biorichland Lease (2022 Renewal) Agreement in view of her conflicts of interests or potential interests herein. Save as disclosed above, none of the Directors has any material interests in such transaction and shall abstain from voting.

DEFINITIONS

In this announcement, the following expressions shall (unless the context otherwise requires) have the following meanings:

“A Share(s)”	ordinary share(s) of the Company with a nominal value of RMB1.00 each listed on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“Biomere”	Biomedical Research Models, Inc., a limited liability company incorporated in Massachusetts, the United States, on December 11, 1996 and acquired by the Company on December 10, 2019 to become a wholly-owned subsidiary of Joynn Laboratories (Delaware) Corporation, which is in turn wholly-owned by the Company
“Biorichland”	Biorichland LLC, a limited liability company incorporated under the laws of California, the United States

“Biorichland Lease (2021) Agreement”	the agreement in relation to the lease of the Leased Property entered into between Biorichland and JOINN Laboratories (CA) on February 9, 2021
“Biorichland Lease (2022 Renewal) Agreement”	the renewal agreement in relation to the lease of the Leased Property entered into between Biorichland and JOINN Laboratories (CA) on April 28, 2022
“Company”	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 PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“H Share(s)”	overseas-listed foreign share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Hong Kong Stock Exchange
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRSs”	International Financial Reporting Standards issued by the International Accounting Standard Board
“JOINN Laboratories (CA)”	JOINN Laboratories CA Inc., a company incorporated under the laws of California, the United States and a wholly-owned subsidiary of the Company

“Lease”	the lease of the Leased Property as contemplated under the Biorichland Lease (2021) Agreement and the Biorichland Lease (2022 Renewal) Agreement
“Mr. Zhou”	Mr. Zhou Zhiwen (周志文), a controlling shareholder of the Company and the spouse of Ms. Feng
“Ms. Feng”	Ms. Feng Yuxia (馮宇霞), a controlling shareholder, the chairperson of the Board and an executive Director of the Company, and the spouse of Mr. Zhou
“PRC”	the People’s Republic of China,, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated February 16, 2021
“R&D”	research and development
“Shares”	ordinary share(s) in the issued share capital of the Company, with a nominal value of RMB1.00 each, including both A Share(s) and H Share(s)
“USD”	United States dollar(s), the lawful currency of the United States
“%”	per cent.

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

Hong Kong, April 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.