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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 TRANSACTIONS POWER CAPACITY INCREASE AGREEMENT

POWER CAPACITY INCREASE AGREEMENT

The Board announced that on 27 April 2023 (after the trading hours), the Company has entered into the Power Capacity Increase Agreement with Qixi Bio, pursuant to which Qixi Bio agreed to provide increased power capacity for the Leased Property in respect of the payment in lieu and comprehensive management services in respect of the payment made to the power company including the change from single-circuit power supply to dual-circuit power supply at a consideration of approximately RMB5 million.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Ms. Feng and Mr. Zhou (both Controlling Shareholders of the Company) hold a total of 55.25% of the equity interests in Qixi Bio, and Mr. Zuo is a director of the controlling shareholder of Qixi Bio. Therefore, Qixi Bio is a Connected Person of the Company, and pursuant to Chapter 14A of the Listing Rules, the Power Capacity Increase Matter constitutes a Connected Transaction of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Power Capacity Increase Matter is more than 0.1% but less than 5%, the Power Capacity Increase Matter is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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The principal terms of the Power Capacity Increase Agreement are as follows:

- Date:** 27 April 2023
- Parties:**
1. Qixi Bio
 2. JOINN Express & Collabo
- Scope of Service:** Qixi Bio shall complete the Power Capacity Increase Matter in accordance with the terms of the Power Capacity Increase Agreement
- Total Consideration and Basis of Determination Thereof:** The Total Consideration for the Power Capacity Increase Matter is approximately RMB5 million, including: (i) the cost of capacity increase of approximately RMB3.13 million; (ii) the cost of hardware facilities required for capacity increase of approximately RMB1 million; (iii) the cost of highly reliable operation of approximately RMB0.45 million; and (iv) the cost of value-added tax of approximately RMB0.42 million. The Total Consideration is subject to adjustment according to the actual conditions. Based on the past experience and estimation of the Company, the final settlement amount will not exceed 10% of the Total Consideration.
- The Total Consideration was determined upon arm's length negotiation with Qixi Bio after considering the feasibility and complexity of power capacity increase, the cost of capacity increase and the quality of facilities.
- Payment Terms:** JOINN Express & Collabo shall pay Qixi Bio 50% of the cost of the Power Capacity Increase Matter, being approximately RMB2.5 million, within five working days from the signing of the Power Capacity Increase Agreement. JOINN Express & Collabo shall pay Qixi Bio the relevant remaining amount of approximately RMB2.5 million within five working days from the completion of the Power Capacity Increase Matter and commencement of power supply.
- Qixi Bio shall commence relevant purchases and construction upon the signing of the Power Capacity Increase Agreement, and the specific construction period is subject to the actual conditions. If JOINN Express & Collabo fails to make payment(s) due for seven days, Qixi Bio shall have the right to cease the power supply.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ELECTRICAL CAPACITY AGREEMENT

The Board is of the opinion that the Company has entered into the Power Capacity Increase Agreement for the following reasons:

- (i) the property right of the zone where the Leased Property is located belonged to Qixi Bio at the time when the project was filed and approved, so the account maintained with the power company was registered in the name of Qixi Bio as the owner. Therefore, subsequently added units would not be able to open an independent power account in their own names;
- (ii) the transformer substations, power channel and other public facilities of the zone where the Leased Property is located have been established and managed by Qixi Bio as part of an integrated operation that made it impossible to split them for use by individual customers. Therefore, the expenses incurred by the Company due to the capacity increase and modification of circuits shall be paid by Qixi Bio.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Power capacity Increase Agreement are fair and reasonable, and that the agreement and the Power Capacity Increase Matter contemplated thereunder are entered into on normal or better commercial terms and are therefore in the interests of the Company and the shareholders as a whole.

INFORMATION ABOUT THE PARTIES

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 Qixi Bio

Qixi Bio is a company incorporated in the PRC with limited liability, and is held by Ms. Feng and Mr. Zhou as to a total of 55.25%. The main business scope of Qixi Bio includes research and development, production and sales of biologics, Class I medical devices, Class II medical devices and Class III medical devices; technology development, technology consultation, technology service and technology transfer in the field of biomedical technology; corporate management services, engineering management services, property management, conference and exhibition services, market analysis and survey services, commercial consultation, provision of business incubation services, standard factory construction; real estate development and sales.

Information about JOINN Express & Collabo

JOINN Express & Collabo is a company incorporated in the PRC with limited liability, and is a wholly-owned subsidiary of the Company. JOINN Express & Collabo is mainly engaged in non-clinical research services.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Ms. Feng and Mr. Zhou, both being Controlling Shareholders of the Company, hold a total of 55.25% of the equity interests in Qixi Bio, and are the controlling shareholders of Qixi Bio. Therefore, Qixi Bio and its associates are Connected Persons of the Company under Chapter 14A of the Listing Rules. As at the date of this announcement, Mr. Zuo is an executive Director of the Company and a director of the controlling shareholder of Qixi Bio. Therefore, Qixi Bio and its associates are also Connected Persons of the Company under Chapter 14A of the Listing Rules.

As such, according to Chapter 14A of the Listing Rules, the Power Capacity Increase Matter constitutes a Connected Transaction of the Company.

As the highest applicable percentage ratio in respect of the Power Capacity Increase Matter is more than 0.1% but less than 5%, the Power Capacity Increase Matter is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Ms. Feng, being an executive Director and chairperson of the Board, and Mr. Gao and Mr. Zuo, both being executive Directors, have abstained from voting to approve the Power Capacity Increase Agreement at the Board meeting, given that Mr. Zuo and Ms. Feng are related to Qixi Bio and Mr. Gao is the husband of Ms. Feng's niece. Save as disclosed above, none of the other Directors has any material interest in the Power Enhancement Agreements or is required to abstain from voting on the resolution(s) on such transactions.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Joinn Laboratories (China) Co., Ltd., a joint stock company incorporated in the PRC with limited liability, whose H shares 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”	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
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“JOINN Express & Collabo”	JOINN Express & Collabo Laboratories (Suzhou) Co., Ltd.* (昭衍易創(蘇州)新藥研究中心有限公司), which was incorporated in the PRC on 11 December 2008 with limited liability, and a wholly-owned subsidiary of the Company
“Leased Property”	the leased property under the Qixi Bio Lease Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Mr. Zhou”	Mr. Zhou Zhiwen (周志文), a Controlling Shareholder of the Company and the spouse of Ms. Feng
“Mr. Zuo”	Mr. Zuo Conglin (左從林), the Vice Chairperson of the Board and an executive Director

“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
“Power Capacity Increase Agreement”	the agreement entered into between the Company and Qixi Bio in relation to the Power Capacity Increase Matter on 27 April 2023
“Power Capacity Increase Matter”	the matter relating to the provision of increased power capacity in respect of the payment in lieu and comprehensive management services in respect of the payment made to the power company including the change from single-circuit power supply to dual-circuit power supply for the Company by Qixi Bio for the Leased Property
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Prospectus”	the prospectus of the Company dated 16 February 2021
“Qixi Bio”	Suzhou Qixi Bio-Valley Co., Ltd.* (蘇州七溪生物矽谷有限公司), a limited liability company incorporated under the laws of the PRC
“Qixi Bio Lease Agreement”	the property service agreement entered into between the Company and Qixi Bio on 30 March 2023 for a term from 1 January 2023 to 31 December 2025. For details, please refer to the announcement of the Company dated 30 March 2023
“Total Consideration”	approximately RMB5 million, which is the agreed amount payable by the Company to Qixi Bio in relation to the Power Capacity Increase Matter
“%”	Percentage

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

Beijing, the PRC, 27 April 2023

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, and Mr. Sun Mingcheng, Dr. Zhai Yonggong, Mr. Ou Xiaojie and Mr. Zhang Fan as independent non-executive Directors.

* For identification purpose only