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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)

PROPOSED FURTHER CHANGE IN USE OF NET PROCEEDS

References are made to (i) the prospectus of the Joinn Laboratories (China) Co., Ltd. (the “**Company**”) in relation to the listing of the H Shares on The Stock Exchange of Hong Kong Limited by way of the global offering (the “**Global Offering**”); and (ii) the announcements of the Company dated 28 April 2022 and 30 August 2023 in relation to the change in use of net proceeds (the “**Previous Changes**”).

PROPOSED CHANGE IN USE OF NET PROCEEDS

The net proceeds from the Global Offering, after deducting the underwriting commissions and other estimated expenses in connection with the conduct of the Global Offering and the exercise of the over-allotment option, amounted to approximately HK\$6,373.6 million (equivalent to approximately RMB5,285.2 million). As at 30 November 2024, the Company has utilized approximately RMB2,713.1 million of the net proceeds.

The board of directors of the Company (the “**Board**”) has resolved to change the use of the remaining unutilized net proceeds after taking into account the recent business environment and development of the Group. The unutilized net proceeds up to the date of this announcement and the proposed change in the use of the remaining unutilized net proceeds (the “**Proposed Change**”) are summarized below:

Use of Proceeds	Allocation of the proceeds after the Previous Changes (RMB million)	Amount of net proceeds utilized as at 30 November 2024 (RMB million)	Balance of the unutilized net proceeds after the Previous Changes as at 30 November 2024 (RMB million)	Amount of reallocation pursuant to the Proposed Change (RMB million)	Allocation of unutilized net proceeds after the Proposed Change (RMB million)	Expected timeframe for the unutilized net proceeds after the Proposed Change
(A) Expand the capacity of our Suzhou facilities for non-clinical studies	57.7	57.7	–	–	–	
(i) renovating our existing laboratory and research model facilities in Suzhou	16.0	16.0	–	–	–	
(ii) constructing the infrastructure of our new facilities in Suzhou	36.7	36.7	–	–	–	
(iii) procurement of cutting-edge equipment and laboratory technologies and investment in the research and development of novel, customized research models	5.0	5.0	–	–	–	
(iv) upgrading our technical and scientific research capabilities with international background at our Suzhou facilities	–	–	–	–	–	
(B) Strengthen our U.S. operations to meet the rising customer demand for services provided by Biomere	751.7	271.2	480.5	–	480.5	
(i) upgrading our existing facilities and service team in northern California	401.7	150.2	251.5	–	251.5	by the end of 2028
(ii) investing in business development efforts, expanding service teams and upgrading laboratory equipment for Biomere	350.0	121.0	229.0	–	229.0	by the end of 2028

Use of Proceeds	Allocation of the proceeds after the Previous Changes (RMB million)	Amount of net proceeds utilized as at 30 November 2024 (RMB million)	Balance of the unutilized net proceeds after the Previous Changes as at 30 November 2024 (RMB million)	Amount of reallocation pursuant to the Proposed Change (RMB million)	Allocation of unutilized net proceeds after the Proposed Change (RMB million)	Expected timeframe for the unutilized net proceeds after the Proposed Change
(C) Further expand our facility network and service capabilities in China	1,662.8	223.0	1,439.8	(398.5)	1,041.3	
(i) building the Phase I of our new Guangzhou facilities with a focus on non-GLP and GLP-compliant non-clinical studies in Guangzhou	500.0	176.5	323.5	–	323.5	by the end of 2027
(ii) building the Phase I of our new laboratories, research model breeding facilities and clinical operations in Chongqing	898.5	11.7	886.8	(398.5)	488.3	by the end of 2028
(iii) enhancing our technical and scientific research capabilities at our Guangzhou and Chongqing facilities	137.4	34.8	102.6	–	102.6	by the end of 2028
(iv) developing cutting-edge laboratory and research model technologies	126.9	–	126.9	–	126.9	by the end of 2028
(D) Broaden and deepen our integrated CRO service offerings with a particular focus on further expanding our clinical trial and related services	264.3	33.1	231.2	(231.2)	–	
(i) hiring approximately 220 experienced clinical trial operation professionals who hold at least a bachelor's degree and who have at least two years of work experience in clinical operations, medicine, quality control, statistical analysis and analysis of clinical samples, with a focus on early-stage clinical trial projects	31.7	8.4	23.3	(23.3)	–	

Use of Proceeds	Allocation of the proceeds after the Previous Changes (RMB million)	Amount of net proceeds utilized as at 30 November 2024 (RMB million)	Balance of	Amount of reallocation pursuant to the Proposed Change (RMB million)	Allocation of unutilized net proceeds after the Proposed Change (RMB million)	Expected timeframe for the unutilized net proceeds after the Proposed Change
			the unutilized net proceeds after the Previous Changes as at 30 November 2024 (RMB million)			
(ii) investing in business development efforts for our growing clinical trial business	21.2	–	21.2	(21.2)	–	
(iii) procuring new equipment, technologies, systems, databases and infrastructure for use in clinical trials, as well as in the related services such as bioanalytical services, to strengthen our service quality and customer experience	211.4	24.7	186.7	(186.7)	–	
(E) Fund potential acquisitions of suitable (i) CROs focused on non-clinical studies, (ii) CROs focused on clinical trials, and/or (iii) research model production facilities in both China and overseas	2,020.2	1,895.7	124.5	629.7	754.2	by the end of 2028
(F) Working capital and general corporate purposes	528.5	232.4	296.1	–	296.1	
	<u>5,285.2</u>	<u>2,713.1</u>	<u>2,572.1</u>		<u>2,572.1</u>	

Note: The figures may not add up to the total due to roundings.

Reasons for the Proposed Change in Allocation

In response to the needs of strategic and operation development, the Company proposes to make further adjustments to the aforementioned fund-raising projects, specifically as follows: (i) in light of the lengthy construction period of the new experimental facilities in the United States and regulatory approval, the Company proposes to adjust the timeline for the U.S. Biomere fund-raising project to December 2028; (ii) considering the current sluggish investment and financing climate and weak market demand in the domestic and international biopharmaceutical industry, and taking into account that the existing operation facilities and the current Guangzhou facilities under construction are sufficient to meet business demands, the Company proposes to adjust the timeline of the Guangzhou and Chongqing fund-raising projects to December 2027 and December 2028, respectively, and reallocate certain funds of RMB398.5 million for Chongqing fund-raising project towards potential acquisition projects; (iii) in accordance with the Company's business plan and future funding requirements for clinical business, the Company intends to reallocate the remaining proceeds of RMB231.2 million for clinical business projects towards potential acquisition projects; (iv) given the uncertainties associated with merger and acquisition projects as influenced by various factors such as macroeconomy, regulatory policies, target conditions and transaction proposals, the Company proposes to adjust the timeline for potential acquisition projects to December 2028.

The reallocation of net proceeds will enable a more efficient and rational utilization of the Company's financial resources to seize business opportunities, which is in line with the interests of the Company and its shareholders, and will not have any material adverse effects on the Company's existing business and operations.

The Board will continue to evaluate the plan for the use of the unutilized net proceeds and may modify or amend the plan as and when necessary to cope with changing market conditions in an effort to achieve better business performance for the Group.

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

Beijing, the PRC
20 December 2024

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