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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2020

The board (the "**Board**") of directors (the "**Director(s)**") of JOINN Laboratories (China) Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "**Group**", "**we**", "**our**", "**us**" or "**JOINN Labs**") for the year ended December 31, 2020 (the "**Reporting Period**"), together with comparative figures for the year ended December 31, 2019.

FINANCIAL HIGHLIGHTS

For the year ended December 31, 2020, the Group recorded the following audited results:

	Year ended December 31, 2020 *RMB'000*	Year ended December 31, 2019 *RMB'000*	Year-to-year change
Revenue	**1,075,905**	639,379	68.3%
Gross profit	**550,625**	328,786	67.5%
Profit for the year	**311,564**	187,677	66.0%
Profit for the year attributable to equity shareholders of the Company	**312,950**	187,838	66.6%
Net assets attributable to equity shareholders of the Company	**1,222,544**	849,200	44.0%

ANNUAL RESULTS

The Board is pleased to announce the audited consolidated annual results of the Group for the year ended December 31, 2020 with comparative figures for the year ended December 31, 2019, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Note	**2020** ***RMB'000***	2019 *RMB'000*
Revenue	*3*	**1,075,905**	639,379
Cost of services		**(525,280)**	(310,593)
Gross profit	*3(b)*	**550,625**	328,786
Other gains and losses, net	*4*	**86,452**	43,066
Selling and marketing expenses		**(12,907)**	(12,473)
General and administrative expenses		**(211,482)**	(102,651)
Research and development expenses		**(50,659)**	(39,627)
Profit from operations		**362,029**	217,101
Finance costs	*5(a)*	**(3,521)**	(342)
Profit before taxation	*5*	**358,508**	216,759
Income tax	*6*	**(46,944)**	(29,082)
Profit for the year		**311,564**	187,677
Other comprehensive income for the year (after tax)			
Item that will not be reclassified to profit or loss:			
– Equity investments at fair value through other comprehensive income ("**FVOCI**") – net movement in fair value reserve (non-recycling)		**44,578**	–
Item that may be reclassified subsequently to profit or loss			
– Exchange differences on translation of financial statements of foreign operations		**(15,909)**	(714)
		28,669	(714)
Total comprehensive income for the year		**340,233**	186,963

	Note	**2020** ***RMB'000***	2019 *RMB'000*
Profit for the year attributable to:			
Equity shareholders of the Company		**312,950**	187,838
Non-controlling interests		**(1,386)**	(161)
Profit for the year		**311,564**	187,677
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		**341,619**	187,124
Non-controlling interests		**(1,386)**	(161)
Total comprehensive income for the year		**340,233**	186,963
Earnings per share	*7*		
Basic (RMB)		**1.39**	0.83
Diluted (RMB)		**1.38**	0.83

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

	Note	**2020** ***RMB'000***	2019 *RMB'000*
Non-current assets			
Property plant and equipment		**645,871**	576,320
Intangible assets		**62,769**	69,316
Goodwill		**125,296**	133,962
Biological assets		**19,434**	11,949
Financial assets at FVOCI		**64,445**	12,000
Other non-current assets		**37,139**	25,094
Deferred tax assets		**35,261**	25,581
		990,215	854,222
Current assets			
Inventories		**91,011**	49,555
Contract costs		**247,742**	148,437
Biological assets		**67,462**	18,990
Contract assets		**66,812**	69,645
Trade and bills receivables	*9*	**91,041**	97,388
Prepayments and other receivables		**71,026**	24,245
Financial assets at fair value through profit or loss ("**FVTPL**")		**238,903**	130,701
Cash at bank and on hand		**308,690**	176,958
		1,182,687	715,919
Current liabilities			
Interest-bearing borrowings		**3,081**	13,148
Trade payables	*10*	**60,286**	34,086
Contract liabilities		**583,537**	394,791
Other payables		**92,586**	81,623
Lease liabilities		**14,520**	12,474
Income tax payable		**20,297**	17,929
		774,307	554,051
Net current assets		**408,380**	161,868
Total assets less current liabilities		**1,398,595**	1,016,090

	Note	**2020** ***RMB'000***	2019 *RMB'000*
Non-current liabilities			
Interest-bearing borrowings		**21,375**	9,175
Leases liabilities		**53,170**	55,382
Deferred tax liabilities		**35,200**	23,657
Deferred income		**67,041**	77,931
		176,786	166,145
NET ASSETS		**1,221,809**	849,945
CAPITAL AND RESERVES			
Share capital	*11*	**227,455**	161,717
Reserves		**995,089**	687,483
Total equity attributable to equity shareholders of the Company		**1,222,544**	849,200
Non-controlling interests		**(735)**	745
TOTAL EQUITY		**1,221,809**	849,945

NOTES TO FINANCIAL INFORMATION

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

JOINN Laboratories (China) Co., Ltd. (北京昭衍新藥研究中心股份有限公司, the "**Company**") was incorporated in the People's Republic of China (the "**PRC**") as a joint stock limited liability company under the PRC laws. With the approval of the China Securities Regulatory Commission, the Company completed its initial public offering of A shares and listed on the Shanghai Stock Exchange (stock code: 603127.SH) on 25 August 2017. The Company's H shares were listed on the Main Board of The Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (stock code: 6127.HK) on 26 February 2021.

The Company and its subsidiaries (together, the "**Group**") are principally engaged in providing a comprehensive portfolio of contract research organisation ("**CRO**") services including non-clinical studies services, clinical trial and related services and sales of research models.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations issued by the International Accounting Standards Board (the "**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in the financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value:

– biological assets; and

– other investments in debt and equity securities.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to the financial statements for the current accounting period:

- Amendments to IFRS 3, *Definition of a Business*
- Amendments to IFRS 9, IAS 39 and IFRS 7, *Interest Rate Benchmark Reform*
- Amendments to IAS 1 and IAS 8, *Definition of Material*

None of these developments have had a material effect on how the Group's results and financial position for the current period have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in providing non-clinical drug safety assessment services to pharmaceutical and biotechnology companies. Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2020	2019
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Rendering services:		
Non-clinical studies services	**1,052,760**	630,190
Clinical trial and related services	**20,976**	4,907
Sales of goods:		
Sales of research models	**2,169**	4,282
	1,075,905	639,379

No revenue amounting to 10% or more of the Group's total revenue was derived from sales to a single customer.

As at 31 December 2020, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied were RMB1,776,499,000 (2019: RMB1,194,146,000). Management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts as of the end of reporting period will be recognised within 3 years from the end of the reporting period.

(b) Segment reporting

The Group manages its businesses by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Non-clinical studies services

  The Group currently offers a comprehensive range of non-clinical studies services in the PRC and the United States of America (the "**USA**"), including (i) drug safety assessment, (ii) drug metabolism and pharmacokinetics ("**DMPK**") studies; and (iii) pharmacology and efficacy studies.

- Clinical trial and related services

  These services are at their early stage, including (i) clinical CRO services, (ii) co-managed phase I clinical research units, and (iii) bioanalytical services.

- Sales of research models

  The Group engages in the design, production, breeding and sales of research models, currently including non-human primates and rodents.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. The measure used for reporting segment result is gross profit. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

The Group's other operating income and expenses, such as other gains and losses, net and selling and administrative expenses, and assets and liabilities are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure, interest income and interest expenses is presented.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is set out below.

	2020			
	Non-clinical studies services *RMB'000*	**Clinical trial and related services** *RMB'000*	**Sales of research models** *RMB'000*	**Total** *RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	**1,052,760**	**1,835**	**2,169**	**1,056,764**
Over time	**–**	**19,141**	**–**	**19,141**
Revenue from external customer	**1,052,760**	**20,976**	**2,169**	**1,075,905**
Inter-segment revenue	**–**	**–**	**24,616**	**24,616**
Reportable segment revenue	**1,052,760**	**20,976**	**26,785**	**1,100,521**
Reportable segment gross profit	**539,137**	**9,702**	**10,469**	**559,308**

	2019			
	Non-clinical studies services *RMB'000*	Clinical trial and related services *RMB'000*	Sales of research models *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	630,190	4,907	4,282	639,379
Revenue from external customer	630,190	4,907	4,282	639,379
Inter-segment revenue	–	2,962	4,280	7,242
Reportable segment revenue	630,190	7,869	8,562	646,621
Reportable segment gross profit	326,585	1,937	1,333	329,855

(ii) Reconciliations of reportable segment gross profit

	2020	2019
	RMB'000	*RMB'000*
Reportable segment gross profit	**559,308**	329,855
Elimination of inter-segment gross profit	**(8,683)**	(1,069)
Consolidated gross profit	**550,625**	328,786

(iii) Geographic information

The following tables set out information about the geographical location of the Group's revenue from external customers. The geographical information about the revenue prepared by external customers' respective country/region of domicile is as follows:

	2020	2019
	RMB'000	*RMB'000*
The PRC	**853,220**	600,817
The USA	**215,486**	28,595
Other countries/regions	**7,199**	9,967
	1,075,905	639,379

The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment and biological assets, and the location of the operation to which they are allocated, in the case of intangible assets and goodwill.

	2020	2019
	RMB'000	*RMB'000*
The PRC	**588,220**	505,700
The USA	**265,150**	285,847
	853,370	791,547

4 OTHER GAINS AND LOSSES, NET

	2020	2019
	RMB'000	*RMB'000*
Government grants (including amortisation of deferred income)	**27,723**	17,555
Interest income	**2,076**	1,885
Gains arising from changes in fair value of biological assets	**54,732**	13,065
Net foreign exchange (loss)/gain	**(3,377)**	323
Net loss on disposal of property, plant and equipment	**(314)**	(245)
Change in fair value of financial assets at FVTPL	**5,737**	10,492
Others	**(125)**	(9)
	86,452	43,066

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2020	2019
	RMB'000	*RMB'000*
Interest on interest-bearing borrowings	**837**	48
Interest on lease liabilities	**2,684**	294
	3,521	342

(b) Staff costs

	2020	2019
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**284,236**	173,581
Contributions to defined contribution retirement schemes	**15,920**	12,392
Equity-settled share-based payment expenses	**29,906**	11,655
	330,062	197,628

(c) Other items

	2020	2019
	RMB'000	*RMB'000*
Amortisation of intangible assets	**11,306**	2,375
Depreciation charge		
– Owned property, plant and equipment	**57,531**	39,352
– Right-of-use assets	**14,436**	2,925
(Reversal)/recognition of expected credit loss	**(2,730)**	3,648

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2020	2019
	RMB'000	*RMB'000*
Current tax		
Provision for the year	**44,981**	32,912
Over-provision in respect of prior year	**–**	(505)
	44,981	32,407
Deferred tax		
Origination and reversal of temporary differences	**1,963**	(3,325)
	46,944	29,082

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB312,950,000 (2019: RMB187,838,000) and the weighted average number of ordinary shares calculated as below:

	2020	2019
Issued ordinary shares at 1 January	**161,716,920**	114,994,600
Issue of shares under bonus issue in 2019 *(Note 11)*	**–**	45,997,840
Issue of shares under bonus issue in 2020 *(Note 11)*	**64,686,768**	64,396,976
Effect of restricted shares	**(824,260)**	(632,035)
Effect of shares issued under share option schemes	**221,458**	279,316
Weighted average number of ordinary shares at 31 December	**225,800,886**	225,036,697

The weighted average number of ordinary shares shown above for the purposes of calculating basic earnings per share have been retrospectively adjusted to reflect the effect of issuance of shares under bonus issue (Note 11).

(b) Diluted earnings per share

The calculation of the diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB312,950,000 (2019: RMB187,838,000), and the weighted average number of ordinary shares (diluted) calculated as below:

	2020	2019
Weighted average number of ordinary shares at 31 December	**225,800,886**	225,036,697
Effect of restricted shares outstanding	**612,542**	317,095
Effect of deemed issue of shares under share option schemes	**1,009,846**	257,135
Weighted average number of ordinary shares (diluted) at 31 December	**227,423,274**	225,610,927

8 DIVIDENDS

(a) Dividends payable to equity shareholders of the Company attributable to the year

On 29 March 2021, the directors of the Company propose the profit distribution plans as follows:

- a dividend of RMB0.35 (2019: RMB0.34) per ordinary share to shareholders on the record date for determining the shareholders' entitlement to the profit distribution plan. Based on the total issued 270,820,329 shares of the Company as of 29 March 2021, the proposed final dividend in an aggregate amount was approximately RMB94,787,000 (2019: RMB55,051,000); and

- 4 new shares for every 10 existing shares (2019: 4 new shares for every 10 existing shares) of the Company to be issued out of reserve to all shareholders of the Company on the record date for determining the shareholders' entitlement to the profit distribution plan.

The final dividend proposed after the end of the reporting period has not been recognised as a liability or transferred from reserve at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2020	2019
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year of RMB0.34 per ordinary share (2019: RMB0.3 per ordinary share)	**55,051**	34,498

Details of the bonus issue are set out in Note 11.

9 TRADE AND BILLS RECEIVABLES

	2020 *RMB'000*	2019 *RMB'000*
Trade receivables	**94,589**	106,773
Less: loss allowance	**(5,723)**	(11,296)
	88,866	95,477
Bills receivables	**2,175**	1,911
	91,041	97,388

Trade receivables are due within 21 to 45 days from the date of billing. The ageing analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	2020 *RMB'000*	2019 *RMB'000*
Within 1 year	**73,478**	83,112
1 to 2 years	**8,224**	7,793
2 to 3 years	**6,411**	3,645
3 to 4 years	**753**	927
	88,866	95,477

10 TRADE PAYABLES

	2020 *RMB'000*	2019 *RMB'000*
Trade payables	**60,286**	34,086

At 31 December 2020, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2020 *RMB'000*	2019 *RMB'000*
Within 1 month	**52,899**	24,988
1 to 3 months	**4,336**	7,737
3 to 6 months	**2,634**	1,181
Over 6 months	**417**	180
	60,286	34,086

As at 31 December 2020, all trade payables of the Group are expected to be settled within one year or are payable on demand.

11 SHARE CAPITAL

Issued share capital

	2020		2019	
	No. of shares	**Amount** ***RMB'000***	No. of shares	Amount *RMB'000*
Ordinary shares, issued:				
At 1 January	**161,716,920**	**161,717**	114,994,600	114,995
Issue of restricted shares	**63,000**	**63**	405,000	405
Shares issued under share option scheme	**908,544**	**909**	342,020	342
Issue of shares under bonus issue *(Note)*	**64,766,265**	**64,766**	45,997,840	45,998
Repurchase and cancellation of restricted shares	**–**	**–**	(22,540)	(23)
At 31 December	**227,454,729**	**227,455**	161,716,920	161,717

Note:

Pursuant to the written resolutions of the shareholders of the Company passed on 22 March 2019, 4 new shares for every 10 existing shares of the Company were issued out of reserve to all shareholders. As a result, 45,997,840 shares were issued and approximately RMB45,998,000 was transferred from share premium to share capital.

Pursuant to the written resolutions of the shareholders of the Company passed on 12 May 2020, 4 new shares for every 10 existing shares of the Company were issued out of reserve to all shareholders. As a result, 64,766,265 shares were issued and approximately RMB64,766,000 was transferred from share premium to share capital.

12 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

On 26 February 2021, the Company's H shares were listed on the Hong Kong Stock Exchange, where 43,324,800 H shares were issued and subscribed at a price of HK$151.00 per share. On 19 March 2021, the over-allotment option was partially exercised and an additional 40,800 H shares were issued at a price of HK$151.00 per share.

The Company received proceeds of approximately HK$6,373.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Overview

During the Reporting Period, the Company achieved rapid growth in performance through various fruitful works. Our major business measures are as follows:

Staff Building

With the intention of adapting to the continuous growth of business and orders of the Company, we keep expanding our staff team. As of December 31, 2020, we have a professional service team of 1,483 people. The number and technical capabilities of the pre-clinical research service team have been further improved, whilst our clinical trial services team has also been further enriched. Meanwhile, we continue to optimize the organizational structure as well, enrich the system of career development channels for our staff, refine the job responsibilities to improve management efficiency, keep advancing the salary system and continuously improve employees' enthusiasm for work in combination with introduction of new structures and technologies. In August 2020, the Company launched the third phase of the equity incentive plan – 2020 Equity Incentive Plan, of which the coverage of staff and the number of incentives are further expanded compared with the previous two periods of incentive plans, realizing the binding of benefits between the employees and the Company and enhancing employees' sense of ownership. We insist on staff training and education, organized systematic technical training and assessment, and actively carried out school-enterprise cooperation to provide employees with more opportunities and guarantees for the improvement of their innovative learning capabilities and professional technical capabilities.

Facility Construction, Equipment Investment

With the rapid development of the biomedical industry and the acceleration of the review of new drugs, the overall research progress requirements for non-clinical evaluation of drug R&D companies continue to increase. It is necessary for CRO to upgrade in terms of facilities, equipment and staff as well to adapt to the growing demand. JOINN Labs has timely grasped the rapid development of the industry, the current capacity constraints, and forward-looking preparations for the construction of test facilities and equipment in advance, and walked in the forefront of the industry in capacity expansion.

(1) Facility Construction

JOINN Laboratories (Beijing) successfully obtained the Radiation Safety Permit so as to be able to provide customers with radioisotope-based drug pharmacokinetic research and radioimmunoassay services. The 10,800-square-meter animal facility and 3,500-square-meter laboratory completed by JOINN Laboratories (Suzhou) in 2019 were substantially fully utilized in 2020, which will greatly increase the amount of animal breeding and the throughput and efficiency of business services. The new facility is more advanced and reasonable in layout, playing a key role in the existing service capabilities and the newly-added clinical analysis business capabilities.

(2) Equipment Investment

The substantial increase in the capacity of animal facilities and laboratories results in further increase in the demand for experimental equipment. Therefore, the Company has purchased a large number of professional devices accordingly so as to improve our professional service capabilities and production efficiency. Investments for laboratories in particular to phthalmology, inhalation and so on, has greatly enhanced the service capabilities and turnover of specialty laboratories.

Business Capacity Development

(1) Pre-clinical Business

In 2020, apart from continuing to innovate in the service capabilities of traditional businesses, the Company also developed the multi-dimensional capacity based on actual needs.

COVID-19 Vaccine & Drug Evaluation Capabilities Development

With the development of the novel coronavirus infection, the Company responded quickly and established a non-clinical evaluation system for COVID-19 vaccines, targeting different types of vaccines (including inactivated vaccines, recombinant vaccines, viral vector vaccines, mRNA vaccines, DNA vaccines, peptide vaccines) and antibodies, formulated a scientific and detailed evaluation programme, organized a professional evaluation team, and maximized the mobilization of company resources and prioritized the the evaluation of COVID-19 projects (including vaccines, antibodies, therapeutic drugs, etc.). With the intention of breaking through the bottleneck of domestic biosafety level 3 (P3) laboratories and accelerating the progress of vaccine research and development, we have also successfully constructed a simulated virus evaluation system and the construction of ACE2 model mice. This evaluation system can be used in biosafety level 2 laboratories (P2), improving the turnover and rate of evaluation. The system has been used in the R&D of the COVID-19 vaccine to support its preclinical evaluation and neutralizing antibody detection in clinical trials. In 2020, the non-clinical research projects of the COVID-19 vaccine undertaken by the Company accounted for more than 50% of the COVID-19 Vaccine IND application, contributing to the early clinical and market launch of the COVID-19 vaccine. At present, the marketed domestic vaccines are all entrusted to JOINN Labs for pre-clinical evaluation.

Capacity Development in Featured Areas

In the area of ophthalmic drug evaluation, our ophthalmic drug team and international ophthalmic drug R&D giants continue to maintain in-depth business cooperation, and successfully develop and establish disease models for their research projects. In addition, we have promoted the validated non-human primate reproductive toxicity evaluation system to commercial use, and is currently the first non-clinical CRO in China to commercialize this technology.

Launching of Reproductive Toxicology Test

In 2020, a large number of biotech drugs started to gradually enter the production phase. The development and reproductive toxicity evaluation of such drugs usually consider the use of non-human primate models. Therefore, the demand for cynomolgus monkey reproductive toxicity tests has increased sharply. On the basis of the evaluation method of cyno-fetal development study (Embryo-Fetal Development Study, EFD) that has been successfully established in the early stage, JOINN Labs have further established an enhanced perinatal toxicity test (Enhanced Pre- and Postnatal Development Study, ePPND) for cynomolgus monkeys, and successfully applied this method to the evaluation of the reproductive toxicity test of two biotechnology drugs, and continues to maintain a leading position in the country.

(2) Drug Clinical Trial Services

We have carried out systematic quality system improvement services for the two participating hospitals that support clinical trials, including but not limited to staff training and quality system document update. The third hospital we participated in has completed the transformation of its infrastructure and is in the stage of preparing to submit GCP filing materials. In 2020, we organized multiple on-site audits of the Phase I ward of the co-built clinical center by domestic and foreign customers. The co-built clinical center has undertaken a number of phase I clinical trials of innovative drugs and BE trials of generic drugs. In 2020, we undertook clinical trials of innovative drugs for the treatment of COVID-19. Even in the case of the severe pandemic, we specially organized a professional team to go to the most severely pandemic area (including Wuhan) to support the development of the project. With the alleviation of the pandemic and the opening of the hospital's GCP work, we have undertaken a number of phase I and phase II clinical trials, all of which are progressing in an orderly manner.

(3) Model Animal Research

In 2020, Suzhou Qichen Biotech Co., Ltd., a subsidiary of the Company, has established a complete technical team with strong technical R&D capabilities. It has created multiple gene-edited mouse models, such as the humanization of 2 strains of ACE2. The mouse model can be used in the preclinical experimental research of the COVID-19 vaccine and antibody. In the area of large animal research, a stable pig and dog-related research technology platform has also been established.

(4) Construction of the Experimental Animal Base in Wuzhou, Guangxi

The base is planned to become an international technical platform and international cooperation platform for biomedical research, vaccines, and drug effect evaluation. At present, the construction of the base is progressing in an orderly manner. The construction of the animal quarantine area has started in November 2019. The construction of the current quarantine area has passed the completion acceptance, and the construction of the breeding area has been carried out in an orderly manner. The foundation works of 54 monkey houses, an office building in factory and a feed room totaling 56 buildings have been completed.

Project Conducting and Compliance

(1) Project Conducting

In 2020, with the expansion of animal facilities and the increase in the number of staff, the number of projects completed throughout the year and under research have increased significantly compared to the amount for the year ended December 31, 2019, and the business workload has increased significantly. The number of research projects has increased significantly compared with the same period last year, providing a solid guarantee for the performance improvement in 2021. As of the end of the reporting period, the amount of orders in hand exceeded RMB 1.7 billion, an increase of over 60% over the same period last year, laying the foundation for a steady improvement in future performance.

(2) Domestic GLP Regulatory Compliance Inspection

In August 2020, JOINN Laboratories (Suzhou) once again passed the GLP inspection of the National Medical Products Administration ("**NMPA**"), and also passed the additional inspection of the "Drug Dependence Experiment". The approval of the additional GLP application will further expand the service scope of our pre-clinical research projects and add new point of growth to our performance development. In October 2020, JOINN Laboratories (Beijing) also successfully passed the GLP inspection of the NMPA.

(3) International AAALAC Certification Inspection

In November 2020, JOINN Laboratories (Suzhou) and JOINN Laboratories (Beijing) have successfully passed the international AAALAC certification which carries out once every three years.

Marketing Work

In 2020, despite the raging COVID-19 pandemic, the number of visits by business personnel of the Company has reduced, but meanwhile, we continued to expand our customers through online meetings and other methods. The marketing team has been further strengthened, the relationship with old customers has been further consolidated, new customer excavation work is further deepened and customer resources have been enriched, laying a solid foundation for the marketing work in 2021. The year-round marketing situation is mainly as follows:

1. Throughout 2020, there were 231 new customers for non-clinical business and 520 active customers.

2. The number of orders for preventive vaccines, bispecific antibodies, and cell therapy products led by the COVID-19 vaccine has made a major breakthrough. Reproductive and carcinogenic experiments have increased significantly.

3. The newly signed orders of the annual non-clinical business exceeded 1.5 billion, an increase of about 70% over the same period of the previous year, greatly supporting the trial needs of our business departments.

4. We also provided effective market information for the promotion and construction of other new business and new technical capabilities of the Company, and signed relevant contracts.

5. In 2020, based on the established one-stop service system for new drug evaluation, our business and technical teams have made full use of superior resources in the non-clinical field, strived to expand the scope of cooperation with customers, and actively promoted customer one-stop services, including CDMO of drugs, non-clinical evaluation and clinical trials, clinical analysis and pharmacovigilance, etc.

Launch the H-share Listing and Deepen the Internationalization Strategy

According to our international development strategy, the Company started the process of overseas issuance of H shares in July 2020, and was listed on the main board of the Hong Kong Stock Exchange on February 26, 2021. After the listing of H-share, the Company will make full use of the Hong Kong stock capital market platform to deepen our overseas business layout with the support of overseas investors, enhance global pharmaceutical R&D service capabilities, and boost new drug R&D for global customers.

In 2020, confronted with the austere situation of COVID-19 pandemic in the United States, our wholly-owned subsidiary BIOMERE will continue to maintain a good and stable operation. In order to maximize the synergy of the Group, we actively promotes the integration of management teams and businesses in China and the United States. As a domestic company in the United States, there is no cultural difference between BIOMERE and other drug R&D companies in the United States. BIOMERE has played an active role in expanding the influence of JOINN Labs brand in the United States. In the business area, BIOMERE has established a business development team dedicated to serving JOINN Laboratories (China) to promote overseas sales. In 2020, the overseas orders entered by domestic companies are approximately RMB78 million, an increase of approximately 85% over 2019, which has achieved rapid growth. Our overseas subsidiary, BIOMERE entered orders of approximately RMB160 million, an increase of approximately 15% over 2019.

II. Financial Review

Overview

The following discussion is based on, and should be read in conjunction with, the financial information and notes included elsewhere in this announcement.

Revenue

During the Reporting Period, revenue generated from our non-clinical studies services accounted for substantially all of our total revenue. The Group's revenue for the year ended December 31, 2020 was RMB1,075.9 million, representing an increase of 68.3% compared to RMB639.4 million for the year ended December 31, 2019. The increase was primarily attributable to the expansion of our business including the acquisition of Biomere in December 2019.

The following table sets forth a breakdown of our revenue by service lines for the periods indicated:

	For the year ended December 31,			
	2020		2019	
	RMB'000	***%***	*RMB'000*	*%*
Non-clinical studies services	**1,052,760**	**97.8**	630,190	98.5
Clinical trial and related services	**20,976**	**2.0**	4,907	0.8
Sales of research models	**2,169**	**0.2**	4,282	0.7
Total revenue	**1,075,905**	**100.0**	639,379	100.0

Revenue generated from our customers located overseas (determined based on their country or region of domicile) increased by 477.5% from RMB38.6 million for the year ended December 31, 2019 to RMB222.7 million for the year ended December 31, 2020. The increase was primarily due to our acquisition of Biomere in December 2019, a discovery-based, specialty CRO located in Worcester, Massachusetts. The acquisition has led to a significant expansion of our customer base in the United States. In addition to customers of Biomere, we also served a small, growing number of overseas customers who conducted drug research projects at our facilities in China during the Reporting Period.

Cost of Services

Our cost of services primarily consists of direct labor costs, cost of supplies and overhead costs.

The Groups' cost of services for the year ended December 31, 2020 was RMB525.3 million, representing an increase of 69.1% compared to RMB310.6 million for the year ended December 31, 2019, which was largely in line with our revenue growth. The increase was also partly attributable to our acquisition of Biomere in 2019.

The table below sets forth a breakdown of our cost of services by service lines, in absolute amount and as percentage of our total cost of services for the periods indicated:

	For the year ended December 31,			
	2020		2019	
	RMB'000	***%***	*RMB'000*	*%*
Non-clinical studies services	**512,454**	**97.6**	303,081	97.6
Clinical trial and related services	**11,275**	**2.1**	4,590	1.5
Sales of research models	**1,551**	**0.3**	2,922	0.9
Total cost of services	**525,280**	**100.0**	310,593	100.0

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of services, and our gross profit margin represents our gross profit as a percentage of our revenue.

For the year ended December 31, 2020, the gross profit and gross profit margin was RMB550.6 million and 51.2%, respectively, as compared to RMB328.8 million and 51.4%, respectively, for the year ended December 31, 2019. The increase in gross profit was mainly driven by our increased gross profit of our non-clinical studies services, which accounted for substantially all of our total revenue during the Reporting Period. Our gross profit margin slightly decreased for the year ended December 31, 2020, primarily due to an increase in the costs of non-human primate research models procured to support our non-clinical studies services and our acquisition of Biomere which primarily offers non-GLP services with a relatively lower profit margin as compared to GLP services that we provide.

Other Gains and Losses, Net

For research models that remained as our biological assets at the end of the Reporting Period, we recognized gain of RMB54.7 million arising from changes in fair value of biological assets for the year ended December 31, 2020, representing an increase of 318.9% compared to RMB13.1 million for the year ended December 31, 2019. The increase of gains arising from changes in fair value of biological assets was mainly due to the continuous increase in unit fair value of biological assets in line with the increasing market price and the increase in quantity.

In addition to gains arising from changes in fair value of biological assets, other gains and losses, net primarily consist of government grants, interest income.

Selling and Marketing Expenses

Our selling and marketing expenses primarily consist of staff costs relating to our marketing and business development personnel, office expenses, and others such as marketing and promotion fees, travel, conference and event expenses, incurred by our own sales and marketing personnel in connection with our business development activities.

The Group's selling and marketing expenses for the year ended December 31, 2020 was RMB12.9 million, representing an increase of 3.5% compared to RMB12.5 million for the year ended December 31, 2019. The increase was primarily due to the net of the increase in staff costs due to the increase of the number of selling and marketing personnel and their increased compensation levels and decrease of marketing, promotion and travel expenses which influenced by COVID-19.

General and Administrative Expenses

Our administrative expenses primarily consist of staff costs relating to our administrative and management personnel, office expenses, depreciation and amortization expenses, expenses for research models, equity-settled share-based payment expenses, and others. The Group's general and administrative expenses for the year ended December 31, 2020 was RMB211.5 million, representing an increase of 106.0% compared to RMB102.7 million for the year ended December 31, 2019. The increase was primarily due to the increase in staff costs, which was in turn due to the increase of the number of administrative personnel to support our business growth and their increased compensation levels, office expenses and equity-settled share-based payment expenses.

Research and Development Expenses

The research and development expenses for our Group primarily consist of staff costs relating to our R&D personnel and cost of raw materials used for R&D.

The Group's research and development expenses for the year ended December 31, 2020 was RMB50.7 million, representing an increase of 27.8% compared to RMB39.6 million for the year ended December 31, 2019. The increase was primarily due to the increase of inputs for certain government-sponsored research projects in 2020.

Finance Costs

The Group's finance costs for the year ended December 31, 2020 was RMB3.5 million, representing an increase of 929.5% compared to RMB0.3 million for the year ended December 31, 2019. The increase was primarily due to the increase of interest on lease liabilities from RMB0.3 million for the year ended December 31, 2019 to RMB2.7 million for the year ended December 31, 2020, as well as the increase of interests on interest-bearing borrowings from RMB0.05 million to RMB0.8 million for the same periods, which were primarily incurred by Biomere in its ordinary course of business.

Income Tax Expense

The Group's income tax expense for the year ended December 31, 2020 was RMB46.9 million, representing an increase of 61.4% compared to RMB29.1 million for the year ended December 31, 2019. The increase was primarily due to the increased revenues generated by the growth of our business.

The Group's effective tax rate for the year ended December 31, 2020 was 13.1% and remained stable compared with 13.4% for the year ended December 31, 2019.

Profit for the Year

As a result of the foregoing reasons, our profit for the year increased by 66.0% from RMB187.7 million for the year ended December 31, 2019 to RMB311.6 million for the year ended December 31, 2020. Our net profit margin decreased from 29.4% for the year ended December 31, 2019 to 29.0% for the year ended December 31, 2020, primarily due to (i) the increased general and administrative expenses for reasons discussed above and (ii) our acquisition of Biomere which primarily offered non-GLP services with a relatively lower profit margin.

Capital Management

The primary goal of the Group's capital management is to maintain the Group's stability and growth while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group reviews and manages its capital structure regularly, and makes timely adjustments to it in light of changes in economic conditions. To maintain or realign our capital structure, the Group may raise capital by way of bank loans or issuance of equity or convertible bonds.

Liquidity and Financial Resources

The Group's cash and cash equivalent as at December 31, 2020 were RMB308.7 million, representing an increase of 74.4% compared to RMB177.0 million for the year ended December 31, 2019. The increase was primarily attributable to the increasing payments received from customers at the end of the year.

The Group's liquidity remains strong. During the Reporting Period, the Group's primary source of funds was from its ordinary course of business, including payments received from our customers for our services in non-clinical studies.

Gearing ratio

The gearing ratio (calculated by interest-bearing bank borrowings divided by total equity) of the Group as at December 31, 2020 was 2.0%, representing a decrease of 0.6% compared to 2.6% for the year ended December 31, 2019.

Foreign Exchange Exposure

We have transactional currency exposures. Certain of our time deposits, cash and bank balances, other financial assets, trade and other receivables, trade and other payables, preferred shares and gross obligation from share purchase option written are denominated in foreign currency which are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

III. Outlook and Prospects

We plan to execute the following strategies to achieve our vision and mission.

Strengthen non-clinical service offerings and expanding facilities

We will continue to solidify our market leadership in the drug safety assessment market by upgrading our technical capabilities to satisfy the increasing demand for drug safety assessment and other non-clinical services for innovative drugs. Specifically, we plan to focus on bolstering our competitive edge in areas of the greatest industry needs, such as large molecule bioanalysis as well as cellular and gene therapies. We plan to execute such strategies through hiring qualified scientific and research professionals with extensive experience in the relevant fields and developing and acquiring advanced equipment and technologies to upgrade our laboratories.

We will also expand our service capacity by building new facilities and expanding, renovation and upgrading our existing facilities in view of rising customer demands. Specifically, we plan to build a drug safety assessment center for innovative drugs and a central laboratory with associated platforms for bioanalytical services in Guangzhou, as well as laboratories for GLP-compliant non-clinical studies, breeding facilities for research models and central laboratories for clinical studies in Chongqing. We expect the Phase I of both facilities to commence operation in 2023. We will also expand the capacity of our Suzhou facilities by commence constructing an additional approximately 20,000 sq.m. of laboratories for our GLP-compliant non-clinical studies and research model facilities in 2021.

Expand global footprint and enhance global service capabilities

We aim to build JOINN Labs as a premier global CRO brand by further expanding our global footprint and service capabilities. With the strategic acquisition of Biomere in 2019, we will leverage its well-established industry reputation and extensive managerial experience, comprehensive global qualifications, and high-quality customer base to upgrade our facilities, enhance our service capability and expand our presence in the United States and North America pharmaceutical markets. Future non-clinical projects acquired by Biomere will also benefit from our future northern California facilities. Additionally, we expect to serve more leading Chinese pharmaceutical and biotechnology companies in support of their overseas drug applications and expansion around the world.

Importantly, we will also further increase our investment in business development to promote our brand and develop our global customer base and attract more overseas customers to access the growing market in China as we continue to satisfy our global customers' early R&D needs and develop stable and long-term relationships with them. Furthermore, to better address the rising demand of U.S. customers, we plan to upgrade and customize our future California facilities to support our non-clinical studies, as well as host and breed research models.

Broaden service offerings with a focus on clinical trial services

Leveraging our strengths in non-clinical studies especially in safety assessment and large customer base, we have expanded and will continue to diversify and develop our clinical trial and related services through organic growth and cooperation with other clinical trial participants. We will continue to actively engage in effective business development efforts to attract more potential customers with attractive drug candidates at clinical stages, with a particular focus on early-stage clinical trials. At the same time, we will focus on recruiting talents experienced in clinical trial management and execution to support and improve our clinical trial and related services. We will continue to expand and enhance our scientific and regulatory teams in clinical trials. Furthermore, we will further invest in expanding our network of clinical sites and hospital partners across China to rapidly scale our clinical CRO offerings, and enhance strategic collaborations with our overseas partners in clinical CRO business.

In addition to our focus on expanding our clinical trial services, we will also continue to expand our services in drug discovery and screening services through hiring skilled talent with the relevant scientific expertise and extensive project experience. Through these efforts, we strive to enhance our value propositions as an integrated CRO service platform to our customers with fully integrated service capabilities covering the entire drug R&D cycle.

Attract, train and retain talents to support rapid growth in China and the United States

To maintain our market leadership and implement our growth strategies, we will continue to attract talented professionals, especially those with extensive international experience and scientific expertise to support our global expansion. In particular, we plan to attract and recruit talents with first-hand, on-the-ground project management experience and technical expertise in clinical trials and research models. To support our global expansion, we will also increase our recruitment efforts overseas to support the rapid growth of our existing U.S. operations primarily through our subsidiary Biomere and our future U.S. operations in northern California.

In addition, we will motivate our high-quality employees by offering them opportunities to work on industry-defining and innovative projects, and by offering them competitive compensation, benefits and compelling career development opportunities. We will also leverage our share incentive plans to retain and motivate our talented employees.

Expand research model facilities to support our non-clinical studies

We will continue to invest in building our research model production centers and laboratories in Wuzhou to develop, breed and produce high-quality research models, particularly non-human primates. High-quality non-human primate research models and pre-clinical research facilities are in high demand globally and will continue to attract global customers and researchers to China, promoting partnerships and collaborations in a broad array of research areas. We expect to commence operations of our new research model facilities and laboratories built on a parcel of land with the gross site area of approximately 376,667 sq.m. located in Wuzhou in 2021. At the same time, we will develop a proprietary research model production system to further enhance our production capacity and efficiency and the quality of our research models. We expect the new facilities under construction in Wuzhou to provide us with a solid foundation to further expand our scientific expertise in non-human primate research models, with an ultimate goal of producing a stable and adequate supply of non-human primate research models in the long term to support the growing demand for our non-clinical studies with improved cost efficiency.

Pursue acquisition and strategic opportunities

We intend to selectively pursue acquisitions of businesses and assets that are complementary to our growth strategies, particularly those that can help us enrich our services offerings at a global scale. For example, we will seek to evaluate acquisition and other strategic opportunities with (i) CROs focused on non-clinical studies to strengthen our existing leadership, as well as (ii) clinical CROs, research model facilities, and drug discovery service providers with a view to further expanding our service offerings along the pharmaceutical R&D value chain. We believe our extensive industry experience and presence in both China and the United States will enable us to identify suitable targets and effectively evaluate and execute potential opportunities.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

As the H shares of the Company were not yet listed on the Hong Kong Stock Exchange during the Reporting Period, the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") were not applicable to the Group during the Reporting Period.

Since February 26, 2021 (the "**Listing Date**"), the Company has adopted the principles and code provisions as set out in the CG Code, and has complied with the applicable code provisions during the period from the Listing Date to the date of this announcement.

The Board will examine and review, from time to time, the Company's corporate governance practices and operations in order to meet the relevant provisions under the Listing Rules.

Compliance with Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**"). Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the period from the Listing Date to the date of this announcement.

Use of Proceeds from the Global Offering

The H shares of the Company were listed on the Hong Kong Stock Exchange on February 26, 2021 and the over-allotment option described in the prospectus of the Company dated February 16, 2021 (the "**Prospectus**") was partially exercised on March 19, 2021 in respect of an aggregate of 40,800 H Shares, issued and allotted by the Company at HK$151.00 per H Share on March 24, 2021. The Company obtained proceeds in connection with the exercise of the global offering and the exercise of the over-allotment option amounted to approximately HK$6,373.6 million.

For the period from the Listing Date up to the date of this announcement, the Company has not utilized any of the net proceeds raised from the global offering. The Company intends to use the net proceeds in the same matter and proportion as set out in the Prospectus under the section headed "Future Plans and Use of Proceeds". For detail of the breakdown of the use of proceeds, please refer to the 2020 annual report of the Company to be published in due course.

Significant Investment Held

During the Reporting Period, the Group did not have any significant investments, acquisitions or disposals.

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

During the Reporting Period, the Group did not have any material acquisitions and disposals of subsidiaries, associates and joint ventures.

Employee and Remuneration Policy

As at December 31, 2020, the Group had 1,483 employees, whose salaries and allowances were determined based on their performance, experience and the then prevailing market rates. We have also invested in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and stock incentive plans to our employees especially key employees.

During the Reporting Period, the total staff costs (including Director's emoluments) were approximately RMB330.1 million (for the same period in 2019: RMB197.6 million).

Purchase, Sale or Redemption of Listed Securities

For the period from the Listing Date up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

Capital Expenditure and Commitments

The Group's capital expenditures in 2020 primarily related to purchase of property, plant and equipment in relation to the expansion and enhancement of our facilities. In 2020, the Group incurred RMB171.5 million in relation to capital expenditures as compared to RMB120.4 million in 2019.

Contingent Liabilities

The Group had no material contingent liabilities as of December 31, 2020.

Charges on Group Assets

As of December 31, 2020, the Group did not have any material charges over its assets.

FINAL DIVIDEND

The Board proposed a profit distribution plan for the year ended 31 December 2020 ("**2020 Profit Distribution Plan**") as follows: (1) a dividend of RMB0.35 (2019: RMB0.34) per ordinary share to shareholders on the record date for determining the shareholders' entitlement to the 2020 Profit Distribution Plan. Based on the total issued 270,820,329 shares of the Company as of March 29, 2021, the proposed final dividend in an aggregate amount was approximately RMB94,787,000 (2019: RMB55,051,000); and (2) 4 new shares for every 10 existing shares (2019: 4 new shares for every 10 existing shares) of the Company to be issued out of reserve to all shareholders of the Company on the record date for determining the shareholders' entitlement to the 2020 Profit Distribution Plan.

The final dividend proposed after the end of the reporting period has not been recognised as a liability or transferred from reserve at the end of the reporting period. The 2020 Profit Distribution Plan is subject to, amongst others, approval by Shareholders at the forthcoming annual general meeting ("**AGM**") and class meetings of the Company, as well as the grant of a listing of and permission to deal in new H shares (by the Hong Kong Stock Exchange in respect of the capitalization issue). The aforesaid profit distribution is expected to be paid to the eligible Shareholders by no later than July 30, 2021.

Information regarding the book closure period and record date to determine the entitlement to the 2020 Profit Distribution Plan will be announced in due course.

AGM AND PERIOD OF CLOSURE OF REGISTER OF MEMBERS OF H SHARES

The Company will arrange the time of convening the forthcoming AGM as soon as practicable, a circular and notice of the AGM will be published and despatched to the Shareholders in a timely manner in accordance with the requirements of the Listing Rules and the Company's articles of association. Once the date of the AGM is finalized, the Company will publish the period of closure of register of members of H Shares of the Company in due course.

AUDIT COMMITTEE REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has considered and reviewed the audited consolidated annual results of the Group for the year ended December 31, 2020 and the accounting principles and practices adopted by the Group, and has discussed with management on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that the audited consolidated annual results of the Group for the year ended December 31, 2020 are in compliance with the relevant accounting standards, laws and regulations.

SCOPE OF WORK OF THE AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

Listing of shares of the Company on the Hong Kong Stock Exchange and issue of shares pursuant to partial exercise of over-allotment option

On February 26, 2021, the Company was successfully listed on the Main Board of the Hong Kong Stock Exchange, in which 43,324,800 H shares has been issued.

On March 19, 2021, the over-allotment option has been partially exercised such that an additional 40,800 H shares has been issued. The listing of and dealings in the over-allotment shares were commenced on the Main Board of the Hong Kong Stock Exchange at 9:00 a.m. on March 24, 2021

Save as disclosed above, the Company is not aware of any material subsequent events from December 31, 2020 to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is published on the Company's website (www.joinn-lab.com) and the website of the Hong Kong Stock Exchange.

The 2020 annual report of the Company containing all relevant information required under the Listing Rules will be published on the aforementioned websites and dispatched to the shareholders of the Company in due course.

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

Hong Kong, Monday, March 29, 2021

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, 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.