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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2021

The board (the "**Board**") of directors (the "**Director(s)**") of JOINN Laboratories (China) Co., Ltd. (the "**Company**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (the "**Group**", "**we**", "**our**", "**us**" or "**JOINN Labs**") for the six months ended June 30, 2021 (the "**Reporting Period**"), together with comparative figures for the same period of 2020.

FINANCIAL HIGHLIGHTS

For the six months ended June 30, 2021, the Group recorded the following unaudited results:

	Six months ended June 30, 2021 ***RMB'000***	Six months ended June 30, 2020 *RMB'000*	Period-to-period change
Revenue	**534,556**	397,355	34.5%
Gross profit	**268,571**	196,804	36.5%
Profit for the period	**153,093**	85,575	78.9%
Profit for the period attributable to equity shareholders of the Company	**153,735**	85,976	78.8%
Net assets attributable to equity shareholders of the Company	**6,610,663**	959,935	588.7%

INTERIM RESULTS

The Board is pleased to announce the unaudited consolidated interim results of the Group for the six months ended June 30, 2021, as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	**Six months ended June 30, 2021** ***RMB'000***	Six months ended June 30, 2020 *RMB'000*
Revenue	*4*	**534,556**	397,355
Cost of services		**(265,985)**	(200,551)
Gross profit	*4(b)*	**268,571**	196,804
Other gains and losses, net	*5*	**70,356**	32,741
Selling and marketing expenses		**(7,253)**	(6,491)
General and administrative expenses		**(135,644)**	(93,105)
Research and development expenses		**(21,861)**	(28,055)
Profit from operations		**174,169**	101,894
Finance costs	*6(a)*	**(1,538)**	(1,861)
Profit before taxation	*6*	**172,631**	100,033
Income tax	*7*	**(19,538)**	(14,458)
Profit for the period		**153,093**	85,575
Other comprehensive income for the period (after tax)			
Items 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)		**–**	38,396
Items that may be reclassified subsequently to profit or loss			
– Exchange differences on translation of financial statements of foreign operations		**(2,368)**	3,741
		(2,368)	42,137
Total comprehensive income for the period		**150,725**	127,712

	Note	**Six months ended June 30, 2021** ***RMB'000***	Six months ended June 30, 2020 *RMB'000*
Profit for the period attributable to:			
Equity shareholders of the Company		**153,735**	85,976
Non-controlling interests		**(642)**	(401)
Profit for the period		**153,093**	85,575
Total comprehensive income for the period attributable to:			
Equity shareholders of the Company		**151,367**	128,113
Non-controlling interests		**(642)**	(401)
Total comprehensive income for the period		**150,725**	127,712
Earnings per share	*8*		
Basic (RMB)		**0.60**	0.38
Diluted (RMB)		**0.59**	0.38

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at June 30, 2021 RMB'000	As at December 31, 2020 RMB'000
Non-current assets			
Property plant and equipment		**655,156**	645,871
Intangible assets		**57,794**	62,769
Goodwill		**124,051**	125,296
Biological assets		**42,010**	19,434
Financial assets at FVOCI		**102,445**	64,445
Other non-current assets	*10*	**1,442,095**	37,139
Deferred tax assets		**73,286**	35,261
		2,496,837	990,215
Current assets			
Inventories		**82,258**	91,011
Contract costs		**396,728**	247,742
Biological assets		**94,097**	67,462
Contract assets		**79,199**	66,812
Trade and bills receivables	*11*	**79,629**	91,041
Prepayments and other receivables		**72,753**	71,026
Financial assets at fair value through profit or loss ("**FVTPL**")		**364,555**	238,903
Cash at bank and on hand		**4,203,109**	308,690
		5,372,328	1,182,687
Current liabilities			
Interest-bearing borrowings		**3,107**	3,081
Trade payables	*12*	**51,843**	60,286
Contract liabilities		**812,976**	583,537
Other payables		**205,165**	92,586
Lease liabilities		**14,355**	14,520
Income tax payable		**8,634**	20,297
		1,096,080	774,307
Net current assets		**4,276,248**	408,380
Total assets less current liabilities		**6,773,085**	1,398,595

	Note	**As at June 30, 2021** ***RMB'000***	As at December 31, 2020 *RMB'000*
Non-current liabilities			
Interest-bearing borrowings		**8,722**	21,375
Leases liabilities		**46,622**	53,170
Deferred tax liabilities		**45,740**	35,200
Deferred income		**62,715**	67,041
		163,799	176,786
NET ASSETS		**6,609,286**	1,221,809
CAPITAL AND RESERVES			
Share capital	*13*	**270,820**	227,455
Reserves		**6,339,843**	995,089
Total equity attributable to equity shareholders of the Company		**6,610,663**	1,222,544
Non-controlling interests		**(1,377)**	(735)
TOTAL EQUITY		**6,609,286**	1,221,809

NOTES

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 August 25, 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 February 26, 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 BASIS OF PREPARATION

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange, including compliance with International Accounting Standard ("**IAS**") 34, Interim financial reporting, issued by the International Accounting Standards Board (the "**IASB**").

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

The financial information relating to the financial year ended December 31, 2020 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

3 CHANGES IN ACCOUNTING POLICIES

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

- Amendment to IFRS 16, Covid-19-related rent concessions beyond June 30, 2021
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, Interest rate benchmark reform – phase 2

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

4 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:

	Six months ended June 30, 2021	Six months ended June 30, 2020
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Rendering services:		
Non-clinical studies services	**525,158**	393,830
Clinical trial and related services	**8,149**	2,709
Sales of goods:		
Sales of research models	**1,249**	816
	534,556	397,355

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

As at June 30, 2021, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied were RMB2,366,007,000 (December 31, 2020: RMB1,776,499,000). 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.

	Six months ended June 30, 2021			
	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	**525,158**	**7,350**	**1,249**	**533,757**
Over time	**–**	**799**	**–**	**799**
Revenue from external customer	**525,158**	**8,149**	**1,249**	**534,556**
Inter-segment revenue	**–**	**–**	**3,900**	**3,900**
Reportable segment revenue	**525,158**	**8,149**	**5,149**	**538,456**
Reportable segment gross profit	**261,867**	**1,219**	**3,260**	**266,346**

	Six months ended June 30, 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	393,830	1,222	816	395,868
Over time	–	1,487	–	1,487
Revenue from external customer	393,830	2,709	816	397,355
Inter-segment revenue	–	752	–	752
Reportable segment revenue	393,830	3,461	816	398,107
Reportable segment gross profit	195,872	62	235	196,169

(ii) Reconciliations of reportable segment gross profit

	Six months ended June 30, 2021	Six months ended June 30, 2020
	RMB'000	*RMB'000*
Reportable segment gross profit	**266,346**	196,169
Elimination of inter-segment gross loss	**2,225**	635
Consolidated gross profit	**268,571**	196,804

(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:

	Six months ended June 30, 2021	Six months ended June 30, 2020
	RMB'000	*RMB'000*
The PRC	**423,055**	264,411
The others	**111,501**	132,944
	534,556	397,355

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.

	At June 30, 2021	At December 31, 2020
	RMB'000	*RMB'000*
The PRC	**634,898**	588,220
The USA	**244,113**	265,150
	879,011	853,370

5 OTHER GAINS AND LOSSES, NET

	Six months ended June 30, 2021	Six months ended June 30, 2020
	RMB'000	*RMB'000*
Government grants (including amortisation of deferred income)	**21,618**	11,612
Interest income	**2,649**	1,158
Gains arising from changes in fair value of biological assets	**37,764**	17,272
Net foreign exchange (loss)/gain	**(50,172)**	724
Net loss on disposal of property, plant and equipment	**(26)**	(268)
Change in fair value of financial assets at FVTPL	**59,730**	2,344
Others	**(1,207)**	(101)
	70,356	32,741

6 PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended June 30, 2021	Six months ended June 30, 2020
	RMB'000	*RMB'000*
Interest on interest-bearing borrowings	**228**	505
Interest on lease liabilities	**1,310**	1,356
	1,538	1,861

(b) Staff costs

	Six months ended June 30, 2021	Six months ended June 30, 2020
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**152,625**	129,646
Contributions to defined contribution retirement schemes	**10,420**	4,834
Equity-settled share-based payment expenses	**14,874**	12,150
	177,919	146,630

The employees of the Company and the subsidiaries of the Group established in the PRC participate in a defined contribution retirement benefit scheme managed by the local government authority, whereby these companies are required to contribute to the scheme at certain rates of the employees' basic salaries. Employees of these companies are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the above mentioned retirement scheme at their normal retirement age.

The Group has no further obligation for payment of other retirement benefits beyond the above contributions.

(c) Other items

	Six months ended June 30, 2021 *RMB'000*	Six months ended June 30, 2020 *RMB'000*
Amortisation of intangible assets	**5,247**	5,383
Depreciation charge		
– Owned property, plant and equipment	**24,293**	20,139
– Right-of-use assets	**7,849**	6,094
Recognition/(Reversal) of expected credit loss	**655**	(2,369)

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

	Six months ended June 30, 2021 *RMB'000*	Six months ended June 30, 2020 *RMB'000*
Current tax		
Provision for the period	**20,483**	10,263
	20,483	10,263
Deferred tax		
Origination and reversal of temporary differences	**(945)**	4,195
	19,538	14,458

8 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 RMB153,735,000 (Six months ended June 30, 2020: RMB85,976,000) and the weighted average number of ordinary shares calculated as below:

	Six months ended June 30, 2021	Six months ended June 30, 2020
Issued ordinary shares at January 1	**227,454,729**	161,716,920
Issue of shares under bonus issue in 2020	**–**	64,686,768
H share initial public offering	**28,903,600**	–
Effect of restricted shares	**(497,703)**	(933,324)
Effect of shares issued under share option schemes	**–**	46,374
Weighted average number of ordinary shares at June 30	**255,860,626**	225,516,738

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.

(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 RMB153,735,000 (Six months ended June 30, 2020: RMB85,976,000) and the weighted average number of ordinary shares (diluted) calculated as below:

	Six months ended June 30, 2021	Six months ended June 30, 2020
Weighted average number of ordinary shares at June 30	**255,860,626**	225,516,738
Effect of restricted shares outstanding	**333,200**	361,157
Effect of deemed issue of shares under share option schemes	**3,029,654**	626,522
Weighted average number of ordinary shares (diluted) at June 30	**259,223,480**	226,504,417

9 DIVIDENDS

(a) Interim dividend

The directors of the Company do not recommend the payment of any interim dividend for the six months ended June 30, 2021 (six months ended June 30, 2020: RMB Nil).

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

On June 18, 2021, the 2020 profit distribution plan of the Company was approved at the 2020 annual general meeting of the Company as follows:

- a dividend of RMB0.35 per ordinary share (inclusive of tax) to shareholders on the record date for determining the shareholders' entitlement to the 2020 profit distribution plan; and
- 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.

Pursuant to the above 2020 profit distribution plan, the total dividend was paid by the Company in August 2021 and the shares were issued.

10 OTHER NON-CURRENT ASSETS

	At June 30, 2021	At December 31, 2020
	RMB'000	*RMB'000*
Prepayment for land use rights	**38,625**	20,831
Prepayments for acquisition of property, plant and equipment	**22,510**	12,956
Certificates of deposits	**1,376,900**	–
Others	**4,060**	3,352
	1,442,095	37,139

The certificates of deposits will mature in June 2024, and the principal and interest will be repayable at maturity.

11 TRADE AND BILLS RECEIVABLES

	At June 30, 2021	At December 31, 2020
	RMB'000	*RMB'000*
Trade receivables	**83,712**	94,589
Less: loss allowance	**(6,083)**	(5,723)
	77,629	88,866
Bills receivables	**2,000**	2,175
	79,629	91,041

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:

	At June 30, 2021	At December 31, 2020
	RMB'000	*RMB'000*
Within 1 year	**59,430**	73,478
1 to 2 years	**8,389**	8,224
2 to 3 years	**9,038**	6,411
3 to 4 years	**772**	753
	77,629	88,866

12 TRADE PAYABLES

	At June 30, 2021	At December 31, 2020
	RMB'000	*RMB'000*
Trade payables	**51,843**	60,286

As at June 30, 2021, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At June 30, 2021	At December 31, 2020
	RMB'000	*RMB'000*
Within 1 year	**51,843**	60,286
	51,843	60,286

As at June 30, 2021, all trade payables of the Group are expected to be settled within one year or are payable on demand.

13 SHARE CAPITAL

	No. of shares	Amount *RMB'000*
Ordinary shares, issued:		
At January 1, 2020	161,716,920	161,717
Issue of restricted shares	63,000	63
Shares issued under share option scheme	908,544	909
Issue of shares under bonus issue *(Note(i))*	64,766,265	64,766
At December 31, 2020	227,454,729	227,455
Issue of shares under H share initial public offering *(Note(ii))*	43,365,600	43,365
At June 30, 2021	270,820,329	270,820

Note:

(i) Pursuant to the written resolutions of the shareholders of the Company passed on May 12, 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.

(ii) On February 26, 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 March 19, 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.

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

The Company continued to beef up the team to meet continuous growth of its business and orders. As of June 30, 2021, the Company had a professional service team of nearly 1,600 people. The pre-clinical research service team saw further growth of both headcount and technical capabilities. The clinical trial service team was also further augmented. The Company also continued optimizing its organizational structure by detailing the duties of each role and refining the management workflows. New architecture and technologies were introduced to perfect the human resources system and get the staff highly motivated. Meanwhile, the Company further improved the compensation system and offered competitive compensation packages to the staff to significantly heighten their sense of ownership. The Company persisted in employee training and created more opportunities for the employees to enhance their innovative learning capabilities and technical capabilities by putting in place a system of internal technical training and performance assessment and partnering up with schools.

Production Capacity Expansion

Given the soaring growth of pre-clinical assessment projects awarded to the Company, the existing laboratory facilities are insufficient to fully meet market demand. For this reason, JOINN (Suzhou) kicked start a 7,500-sq.m. animal accommodation decoration project in 2021, including general-grade large animal accommodation and Specific Pathogen Free-grade animal accommodation, expected to be ready for use by the end of the year. In view of future business growth, JOINN (Suzhou) also commenced Phase II expansion works on the existing land, and expected an addition of about 25,000 sq.m. to the gross floor area. Scheduled to break ground in the second half of 2021, the new facilities will be used mainly to raise animals and complete with a new power center and IT laboratory, among other auxiliary facilities, will further enhance service flux and lay the foundation for future business execution and growth.

Business Capability Development

1. Pre-clinical Business

Development of multi-dimensional capabilities: In the ophthalmological drug assessment segment, the ophthalmological drug team at the Company has developed a number of new ophthalmological examination techniques on top of new models, and built up rich background data, offering greater support to the ophthalmological drug assessment. In the drug metabolic analysis segment, research capabilities in small molecular drug metabolism *in vitro* are acquired, and the probe into *in vitro*

permeability of drugs and drug-drug interaction (DDI) *in vitro* can offer references and data in support of the research of DDI in clinical trials. The mass spectrometry of small nucleotides is made available to provide methodological support to the research and development of small-nucleotide drugs, with siRNA and mRNA as typical examples. Regarding large molecular drug testing, bispecific antibody receptor occupancy, cell-based bioassay of neutralizing antibody of anti-AAV, and other analytical platforms have been built to furnish pre-clinical safety assessment and clinical testing of large molecular biomedicine with more complete and accurate data. Regarding cardiovascular pharmacology, the *in vitro* myocardial cell contraction and calcium transient synchronous measurement approach is applied to the functional test of myocardial cells. The cell lines expressing Nav1.5 and Ca1.2 channels are established and the Nav1.5 and Ca1.2 whole-cell current detection method is applied to drug cardiac safety assessment, satisfying the requirement of the Comprehensive in Vitro Proarrhythmia Assay (CiPA) initiative at the current phase. The said capabilities help the Company become more competitive and better cater for customer needs.

2. Drug clinical trial services

The Phase I Clinical Center of No. 1 People's Hospital of Taicang jointly founded by the Company and Taicang Hospital Affiliated to Suzhou University has completed Good Clinical Practice filing and become operational officially. So far, the Company has accomplished its goal of building 3 phase I clinical centers, with 200 beds in total. This marks consummation of the Company's preliminary plan for its presence spanning the entire industrial chain at the clinical phase, from clinical trial center, clinical CRO, to clinical central lab. The Company is well placed to create a seamlessly connected ecology for customers from pre-clinical research to clinical research of drugs. Several clinical projects are currently in progress. Orders signed in the first half of 2021 amounted to about RMB40 million in total, representing an increase of over 150% when compared with the same period in 2020.

3. Model animal research

In the first half of 2021, Suzhou Qichen, a subsidiary of the Company, created four strains of mouse models for gene editing, and nine cell lines for gene editing, and began to apply these to pre-clinical drug assessment. With respect to large animal research, the first group of somatic cell cloned Bama pigs was received, a proof of Suzhou Qichen's full-fledged gene editing and cloning technologies in mammals.

4. Laboratory animal base in Wuzhou, Guangxi

The laboratory animal base in Wuzhou is under construction. The main works of all 56 buildings for production purpose including 54 monkey houses in the animal raising area, one office building in the factory, and one feedstuff storage building, have been completed and passed acceptance inspection. Decorations, electromechanical installations and outdoor works are underway currently.

Implementation of Special Tests

In the first half of 2021, the Company further coordinated project arrangements, strengthened management and made proper use of the available capacity, and the numbers of newly launched, newly completed and in-pipeline projects increased more or less. As of the end of the Reporting Period, orders at hand exceeded RMB2.3 billion, warranting future performance.

Marketing

China managed to contain COVID-19 spread in the first half of 2021. All industries and sectors across the country have begun to regain vitality, and pharmaceutical R&D activities are recovering as well. In this context, China-based companies took in orders worth more than RMB1.2 billion, sustaining high growth at over 55% year on year. Meanwhile, while sticking to the existing innovative drug assessment system, pharmaceutical companies further realized and improved specialized, large-scale, comprehensive and international services. Marketing efforts in the first half are summarized as follows:

1. Enhanced and perfected the service capabilities of the inhalation and ophthalmology platforms further, and conducted and completed non-clinical assessments of several innovative drugs in the first half, growing more than 30% year on year.

2. Made progress in monkey reproductive experiments of several innovative drugs, and came out top in the industry in terms of both the number of and experience in monkey reproductive toxicity assessments undertook; thanks to the commencement of Phase II and III clinical trials of numerous innovative small molecular drugs in China, the Company saw a steep rise in the number of rat Phase III reproductive toxicity and carcinogenicity tests it has undertaken.

3. Undertook China's first STAR-T cell, TIL cell and non-tumor target CAR-T cell drug assessments, continued to be a leader in drug assessments in the cell therapy field, and concluded cell and gene therapy orders worth about RMB120 million in total in the first half, growing more than 35% year on year ("**YoY**").

4. Achieved a more than 60% YoY increase in orders and demand for the mRNA and siRNA platform.

5. Saw surging orders and demand for central nervous system drugs, after the Company acquired the qualification for NMPA dependence experiments.

6. JOINN Clinical Test Lab received orders for testing of more than 20 million clinical samples in the first half of 2021. These orders involved gene and cell therapy drugs, bispecific antibody drugs, innovative target monoclonal antibody drugs, COVID-19 vaccines, and innovative target small molecular drugs, among other clinical sample analyses and studies of small molecular drug metabolism in

vitro. JOINN Clinical Test Lab has passed 20-plus audits by Chinese and foreign customers. In March 2021, the Company and Canada-based Nexelis entered into a Letter of Intent on strategic partnership. The two parties are going to work together on clinical bioassay, in particular, on ELISA, neutralization experiments and qPCR tests relating to vaccine clinical tests and other relevant fields. The partnership is expected to help the Company better develop international customers and drive drug R&D. The Company passed the COVID-19 nucleic acid test competency validation by the National Institute of Metrology, China successfully in June 2021.

7. Built on the one-stop new drug assessment system, the Company made the most of its resources in non-clinical fields, expanded cooperation with customers, and drove one-stop services, including drug CDMO, quality test, non-clinical assessment and clinical trials, clinical analysis and pharmacovigilance. Coordinated services for a number of CDMO+pre-clinical+clinical projects were realized in the first half, saving time for customers and establishing an advantage of JOINN Labs in customer acquisition.

IPO of H Shares and Consolidating International Business

In line with the globalization strategy, the Company's H shares were listed on the Main Board of the Stock Exchange of Hong Kong Limited ("**Stock Exchange**") on February 26, 2021. After that, the Company will take advantage of the capital market of Hong Kong, draw upon the support from global investors, deepen its international business footprint, enhance global pharmaceutical R&D service capabilities and support global customers in new drug R&D.

In the first half of 2021, Biomedical Research Models, Inc. ("**Biomere**"), our overseas subsidiary, continued to deliver strong performance and received orders totaling about USD21.5 million, surging over 60% YoY; overseas orders received by domestic arms of JOINN Labs continued to soar over 80% YoY to about RMB73 million.

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 six months ended June 30, 2021 was RMB534.6 million, representing an increase of 34.5% compared to RMB397.4 million for the six months ended June 30, 2020. The increase was primarily attributable to the expansion of our business.

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

	For the six months ended June 30,			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Non-clinical studies services	**525,158**	**98.3**	393,830	99.1
Clinical trial and related services	**8,149**	**1.5**	2,709	0.7
Sales of research models	**1,249**	**0.2**	816	0.2
Total revenue	**534,556**	**100.0**	397,355	100.0

Cost of Services

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

The Group's cost of services for the six months ended June 30, 2021 was RMB266.0 million, representing an increase of 32.6% compared to RMB200.6 million for the six months ended June 30, 2020, which was largely in line with our revenue growth.

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 six months ended June 30,			
	2021		2020	
	RMB'000	***%***	*RMB'000*	*%*
Non-clinical studies services	**258,305**	**97.1**	197,958	98.7
Clinical trial and related services	**6,931**	**2.6**	2,012	1.0
Sales of research models	**749**	**0.3**	581	0.3
Total cost of services	**265,985**	**100.0**	200,551	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 six months ended June 30, 2021, the gross profit and gross profit margin was RMB268.6 million and 50.2%, respectively, as compared to RMB196.8 million and 49.5%, respectively, for the six months ended June 30, 2020. 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 remained relatively stable for the six months ended June 30, 2021 compared with the same period in 2020.

Other Gains and Losses, Net

For the six months ended June 30, 2021, other gains and losses, net was RMB70.4 million, represent an increase of 114.9% as compared to RMB32.7 million for the six months ended June 30, 2020. The increase in other gains and losses, net was primarily due to reasons as follows:

- For research models that remained as our biological assets at the end of the Reporting Period, we recognized gains of RMB37.8 million arising from changes in fair value of biological assets for the six months ended June 30, 2021, representing an increase of 118.5% compared to RMB17.3 million for the six months ended June 30, 2020. The increase of gains arising from changes in fair value of biological assets was mainly due to the increase in unit fair value of biological assets in line with the increasing market price of non-human primate research models.

- For the six months ended June 30, 2021, the net foreign exchange loss was RMB50.2 million, representing a massive loss as compared to the foreign exchange gain of RMB0.7 million for the six months ended June 30, 2020. The net foreign exchange loss was primarily due to the foreign exchange settlement of funds from the global offering of H Shares of the Company.

- For the six months ended June 30, 2021, the change in fair value of financial assets at FVTPL was RMB59.7 million, representing an increase of 2,448.2% as compared to RMB2.3 million for the six months ended June 30, 2020. The increase was primarily due to the fair value appreciation of the equity investment in Changchun BCHT Biotechnology Co..

- For the six months ended June 30, 2021, the government grants was RMB21.6 million, representing an increase of 86.2% as compared to RMB11.6 million for the six months ended June 30, 2020. The increase was primarily due to the exemption of the Paycheck Protection Program loan of a subsidiary of the Company.

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 six months ended June 30, 2021 was RMB7.3 million, representing an increase of 11.7% compared to RMB6.5 million for the six months ended June 30, 2020. Our selling and marketing expenses remained relatively stable for the six months ended June 30, 2021 compared with the same period in 2020.

General and Administrative Expenses

Our general and 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 six months ended June 30, 2021 was RMB135.6 million, representing an increase of 45.7% compared to RMB93.1 million for the six months ended June 30, 2020. 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, and office 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 six months ended June 30, 2021 was RMB21.9 million, representing a decrease of 22.1% compared to RMB28.1 million for the six months ended June 30, 2020. The decrease was primarily due to the completion of certain government-sponsored research projects in 2020.

Income Tax Expense

The Group's income tax expense for the six months ended June 30, 2021 was RMB19.5 million, representing an increase of 35.1% compared to RMB14.5 million for the six months ended June 30, 2020. The increase was primarily due to the increased profits generated by the growth of our business.

The Group's effective tax rate for the six months ended June 30, 2021 was 11.3% (for the six months ended June 30, 2020: 14.5%), the decrease was primarily due to the increased non-taxable income of Biomere.

Profit for the Period

As a result of the foregoing reasons, our profit for the period increased by 78.9% from RMB85.6 million for the six months ended June 30, 2020 to RMB153.1 million for the six months ended June 30, 2021. Our net profit margin increased from 21.5% for the six months ended June 30, 2020 to 28.6% for the six months ended June 30, 2021, primarily due to the continuous improvement in our operating efficiency and increased other gains/(losses) discussed above.

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 equivalents as at June 30, 2021 were RMB4,203.1 million, representing an increase of 1,261.6% compared to RMB308.7 million as at December 31, 2020. The increase was primarily attributable to the funds from the global offering of H shares of the Company.

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 and the global offering of H shares of the Company.

Gearing ratio

The gearing ratio (calculated by interest-bearing bank borrowings divided by total equity) of the Group as at June 30, 2021 was 0.2% (December 31, 2020: 2.0%).

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, 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.

Significant Investments 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.

Capital Expenditure and Commitments

The Group's capital expenditures for the six months ended June 30, 2021 primarily related to purchase of property, plant and equipment in relation to the expansion and enhancement of our facilities. For the six months ended June 30, 2021, the Group incurred RMB79.8 million in relation to capital expenditures as compared to RMB85.9 million for the same period in 2020.

Charges on Group Assets

As of June 30, 2021, the Group did not have any material charges over its assets.

Contingent Liabilities

The Group had no material contingent liabilities as of June 30, 2021.

Event after the end of the Reporting Period

Issue of Capitalization Shares pursuant to the 2020 Profit Distribution Plan

On June 18, 2021, the 2020 Profit Distribution Plan of the Company was approved at the 2020 annual general meeting, the first A share class meeting for 2021 and the first H share class meeting for 2021 of the Company. Pursuant to the 2020 Profit Distribution Plan, four Shares of the Company were issued for every ten Shares of the Company held by the shareholders of the Company (the "**Shareholders**") on the relevant record date by way of capitalization of reserve. Accordingly, 17,346,240 H Shares and 91,053,233 A Shares were issued on July 30, 2021 and August 6, 2021, respectively, and the total number of Shares of the Company has changed to 379,398,156 Shares.

Employee and Remuneration Policy

As at June 30, 2021, the Group had 1,600 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 RMB212.7 million (for the same period in 2020: RMB163.8 million).

Future Plans for Material Investments

The Group will continue to extensively identify potential strategic investment opportunities and seek to acquire potential high-quality targets that create synergies for the Group in relation to such aspects as product research and development, product portfolio, channel expansion or cost control.

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 25,000 sq.m. of laboratories for our GLP-compliant non-clinical studies and research model facilities in the second half of 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 operations in the United States primarily through our subsidiary Biomere and our future operations in northern California of the United States.

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 2022. 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.

Interim Dividend

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2021 to the Shareholders.

Use of Proceeds from the Global Offering

The H shares of the Company were listed on the Stock Exchange on February 26, 2021 (the "**Listing Date**") 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 (equivalent to approximately RMB5,285.2 million) (after deducting the underwriting commissions and other estimated expenses in connection with the exercise of the global offering and the over-allotment option).

From the Listing Date to June 30, 2021, the Company has utilized the net proceeds raised from the global offering for the following purposes. The Company intends to use the net proceeds in the same matter and proportion as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

Use of Proceeds	Percentage of total net proceeds (in the same proportion as stated in the Prospectus) *(%)*	Amount of net proceeds for the relevant use (in the same proportion as stated in the Prospectus) *(RMB million)*	Amount of net proceeds utilized as of June 30, 2021 *(RMB million)*	Amount not yet utilized as of June 30, 2021 *(RMB million)*	Expected timeframe for utilizing the remaining unutilized net proceeds
(A) Expand the capacity of our Suzhou facilities for nonclinical Studies	**16.0**	**845.6**	**–**	**845.6**	
(i) renovating our existing laboratory and research model facilities in Suzhou	7.9	417.5	–	417.5	completed in 2021
(ii) constructing the infrastructure of our new facilities in Suzhou	1.7	89.8	–	89.8	completed in 2021
(iii) procurement of cutting-edge equipment and laboratory technologies and investment in the research and development of novel, customized research models	5.5	290.7	–	290.7	1 to 3 years from Listing
(iv) upgrading our technical and scientific research capabilities with international background at our Suzhou facilities	0.9	47.6	–	47.6	3 to 5 years from Listing

Use of Proceeds	Percentage of total net proceeds (in the same proportion as stated in the Prospectus) *(%)*	Amount of net proceeds for the relevant use (in the same proportion as stated in the Prospectus) *(RMB million)*	Amount of net proceeds utilized as of June 30, 2021 *(RMB million)*	Amount not yet utilized as of June 30, 2021 *(RMB million)*	Expected timeframe for utilizing the remaining unutilized net proceeds
(B) Strengthen our U.S. operations to cater to the rising customer demand for services provided by Biomere	**10.0**	**528.5**	**–**	**528.5**	
(i) upgrading our existing facilities and service team in northern California	7.6	401.7	–	401.7	1 to 2 years from Listing
(ii) investing in business development efforts, expanding service teams and upgrading laboratory equipment for Biomere	2.4	126.8	–	126.8	1 to 2 years from Listing
(C) Further expand our facility network and service capabilities in China	**39.0**	**2,061.3**	**–**	**2,061.3**	
(i) building the Phase I of our new Guangzhou facilities with a focus on non-GLP and GLP-compliant non-clinical studies in Guangzhou	17.0	898.5	–	898.5	by the end of 2023
(ii) building the Phase I of our new laboratories, research model breeding facilities and clinical operations in Chongqing	17.0	898.5	–	898.5	by the end of 2023
(iii) enhancing our technical and scientific research capabilities at our Guangzhou and Chongqing facilities	2.6	137.4	–	137.4	3 to 5 years from Listing
(iv) developing cutting-edge laboratory and research model technologies	2.4	126.9	–	126.9	3 to 5 years from Listing

Use of Proceeds	Percentage of total net proceeds (in the same proportion as stated in the Prospectus) *(%)*	Amount of net proceeds for the relevant use (in the same proportion as stated in the Prospectus) *(RMB million)*	Amount of net proceeds utilized as of June 30, 2021 *(RMB million)*	Amount not yet utilized as of June 30, 2021 *(RMB million)*	Expected timeframe for utilizing the remaining unutilized net proceeds
(D) Broaden and deepen our integrated CRO service offerings with a particular focus on further expanding our clinical trial and related services	**5.0**	**264.3**	**–**	**264.3**	
(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	0.6	31.7	–	31.7	1 to 3 years from Listing
(ii) investing in business development efforts for our growing clinical trial business	0.4	21.2	–	21.2	1 to 3 years from Listing
(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	4.0	211.4	–	211.4	1 to 3 years from Listing
(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	**20.0**	**1,057.0**	**–**	**1,057.0**	**1 to 3 years from Listing**
(F) Working capital and general corporate purposes	**10.0**	**528.5**	**17.5**	**511.0**	

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.

Saved as above, the Company will repurchase and cancel certain of its own restricted A shares after the Reporting Period, which has been resolved and approved by the Board. For details of the anticipated repurchase of restricted A shares of the Company, please refer to the announcements of the Company dated March 29, 2021 and August 30, 2021, respectively.

Compliance with the Corporate Governance Code

Since the Listing Date, the Company has adopted the principles and code provisions as set out in 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**"), 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.

Audit Committee

The audit committee of the Board (the "**Audit Committee**") has three members comprising all independent non-executive Directors, being Mr. Sun Mingcheng (chairman), Dr. Zhai Yonggong and Mr. Zhang Fan, with terms of reference in compliance with Rule 3.21 of the Listing Rules.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal controls, risk management and financial reporting with the management, including the review of the unaudited consolidated interim financial statements of the Group for the six months ended June 30, 2021. The Audit Committee considers that the consolidated interim financial statements for the six months ended June 30, 2021 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Publication of Interim Results Announcement and Interim Report

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.joinn-lab.com).

The interim report for the Reporting Period containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

Appreciation

For and on behalf of the Board, I would like to express my sincere gratitude to our Shareholders, business partners and other professional parties for your support. I would also like to thank our staffs for their continued commitment to the Group over this Reporting Period.

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

Hong Kong, Monday, August 30, 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.