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JOINN LABORATORIES (CHINA) CO., LTD.

北京昭衍新藥研究中心股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6127)

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

Board Director(s)
Company Group we our us JOINN Labs
Reporting Period

FINANCIAL HIGHLIGHTS

| | Six months ended June 30, 2021 RMB'000 | RMB'000 | % |
|--|--|---------|-----|
| | 534,556 | | - % |
| | 268,571 | | - % |
| | 153,093 | | - % |
| | 153,735 | | - % |
| | 6,610,663 | | - % |

INTERIM RESULTS

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | Six months ended June 30, 2021 RMB'000 | RMB'000 |
|---|------|---|---------|
| Revenue | 4 | 534,556 | |
| | | (265,985) | |
| Gross profit | 4(b) | 268,571 | |
| | 5 | 70,356 | |
| | | (7,253) | |
| | | (135,644) | |
| | | (21,861) | |
| Profit from operations | | 174,169 | |
| | 6(a) | (1,538) | |
| Profit before taxation | 6 | 172,631 | |
| | 7 | (19,538) | |
| Profit for the period | | 153,093 | |
| Other comprehensive income for the period (after tax) | | | |
| <i>Items that will not be reclassified to profit or loss:</i> | | | |
| <i>Changes in fair value of financial assets and liabilities at fair value through other comprehensive income (FVOCI)</i> | | - | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | |
| <i>Changes in fair value of financial assets and liabilities at fair value through other comprehensive income (FVOCI)</i> | | (2,368) | |
| | | (2,368) | |
| Total comprehensive income for the period | | 150,725 | |

| | Six months ended June 30, 2021 | RMB'000 |
|---|---|----------------|
| <i>Note</i> | RMB'000 | RMB'000 |
| Profit for the period attributable to: | | |
| Profit for the period attributable to equity holders of the parent | 153,735 | 153,735 |
| Other comprehensive income | (642) | (642) |
| | <u>153,093</u> | <u>153,093</u> |
| Profit for the period | 153,093 | 153,093 |
| Total comprehensive income for the period attributable to: | | |
| Total comprehensive income attributable to equity holders of the parent | 151,367 | 151,367 |
| Other comprehensive income | (642) | (642) |
| | <u>150,725</u> | <u>150,725</u> |
| Total comprehensive income for the period | 150,725 | 150,725 |
| Earnings per share | 8 | |
| Earnings per share attributable to equity holders of the parent | 0.60 | 0.60 |
| Other comprehensive income | 0.59 | 0.59 |
| | <u>0.59</u> | <u>0.59</u> |

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <i>Note</i> | As at June 30, 2021 <i>RMB'000</i> | <i>RMB'000</i> |
|---|-------------|---|----------------|
| Non-current assets | | | |
| Property, plant and equipment | | 655,156 | 7,111,111 |
| Intangible assets | | 57,794 | 57,794 |
| Investments in subsidiaries | | 124,051 | 1,240,510 |
| Investments in associates | | 42,010 | 420,100 |
| Financial assets at fair value through other comprehensive income | | 102,445 | 1,024,450 |
| Financial assets at fair value through profit or loss | 10 | 1,442,095 | 14,420,950 |
| Other non-current assets | | 73,286 | 732,860 |
| | | 2,496,837 | 24,968,370 |
| Current assets | | | |
| Financial assets at fair value through profit or loss | | 82,258 | 822,580 |
| Financial assets at fair value through other comprehensive income | | 396,728 | 3,967,280 |
| Accounts receivable | | 94,097 | 940,970 |
| Prepaid expenses and other receivables | | 79,199 | 791,990 |
| Other current assets | 11 | 79,629 | 796,290 |
| Inventory | | 72,753 | 727,530 |
| Assets held for sale | | 364,555 | 3,645,550 |
| Financial assets at fair value through profit or loss | | 4,203,109 | 42,031,090 |
| | | 5,372,328 | 53,723,280 |
| Current liabilities | | | |
| Accounts payable | | 3,107 | 31,070 |
| Other payables | 12 | 51,843 | 518,430 |
| Contract liabilities | | 812,976 | 8,129,760 |
| Contract liabilities | | 205,165 | 2,051,650 |
| Other current liabilities | | 14,355 | 143,550 |
| Other current liabilities | | 8,634 | 86,340 |
| | | 1,096,080 | 10,960,800 |
| Net current assets | | 4,276,248 | 42,762,480 |
| Total assets less current liabilities | | 6,773,085 | 67,730,850 |

| | <i>Note</i> | As at June 30, 2021 RMB'000 | RMB'000 |
|--|-------------|--|-----------------|
| Non-current liabilities | | | |
| Deferred tax liabilities | | 8,722 | — |
| Other non-current liabilities | | 46,622 | — |
| Contract liabilities | | 45,740 | — |
| Other non-current liabilities | | 62,715 | — |
| | | <u>163,799</u> | <u>—</u> |
| NET ASSETS | | <u>6,609,286</u> | <u>—</u> |
| CAPITAL AND RESERVES | | | |
| Share capital | | 270,820 | — |
| Reserves | <i>13</i> | 6,339,843 | — |
| Total equity attributable to equity shareholders of the Company | | <u>6,610,663</u> | <u>—</u> |
| Non-controlling interests | | <u>(1,377)</u> | <u>—</u> |
| TOTAL EQUITY | | <u>6,609,286</u> | <u>—</u> |

NOTES

1 CORPORATE INFORMATION

北京昭衍新藥研究中心股份有限公司 **Company**
PRC
Hong Kong Stock Exchange
Group
CRO

2 BASIS OF PREPARATION

IAS
IASB
IFRSs

3 CHANGES IN ACCOUNTING POLICIES

On January 1, 2021, the Company adopted the new accounting standards for the measurement of expected credit loss, which requires the Company to use a simplified method to measure the expected credit loss for the financial assets with a low credit risk. The Company's financial assets with a low credit risk are primarily bank deposits and accounts receivable. The Company's expected credit loss for these financial assets is measured based on the 12-month expected credit loss. The adoption of the new accounting standards has no material impact on the Company's financial position and performance.

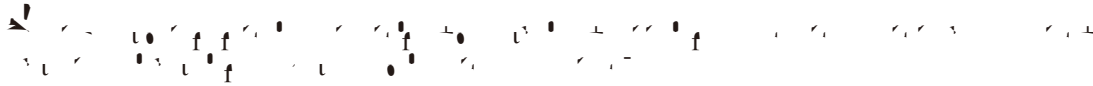
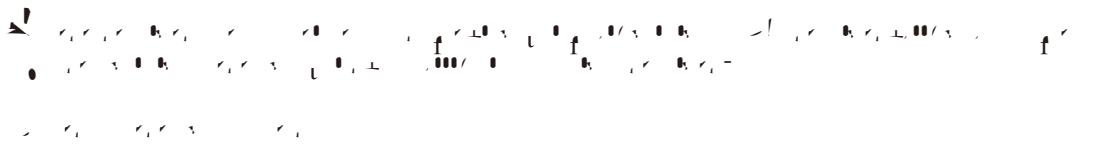
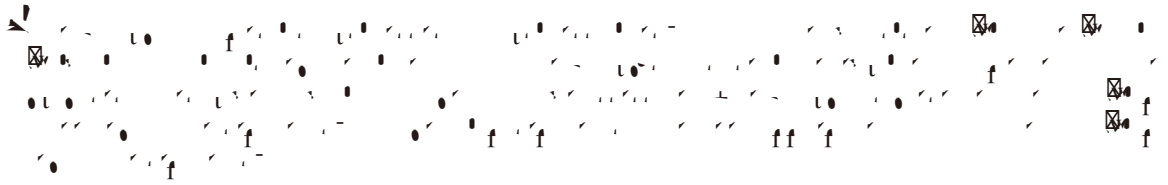
On January 1, 2021, the Company adopted the new accounting standards for the measurement of expected credit loss, which requires the Company to use a simplified method to measure the expected credit loss for the financial assets with a low credit risk. The Company's financial assets with a low credit risk are primarily bank deposits and accounts receivable. The Company's expected credit loss for these financial assets is measured based on the 12-month expected credit loss. The adoption of the new accounting standards has no material impact on the Company's financial position and performance.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

| | Six months ended June 30, 2021 RMB'000 | RMB'000 |
|--|--|----------|
| Revenue from contracts with customers | 525,158 | 8,149 |
| Revenue from government grants | 1,249 | - |
| | <u>534,556</u> | <u>-</u> |
| Revenue from contracts with customers as a percentage of total revenue | 98.2% | 100.0% |
| Revenue from contracts with customers as a percentage of total revenue (continued) | 98.2% | 100.0% |

(b) Segment reporting



(i) Segment results



Six months ended June 30, 2021

| | Non-clinical studies services <i>RMB'000</i> | Clinical trial and related services <i>RMB'000</i> | Sales of research models <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|---|---|--|---------------------------------|
| Disaggregated by timing of revenue recognition | | | | |
| | 525,158 | 7,350 | 1,249 | 533,757 |
| | — | 799 | — | 799 |
| Revenue from external customer | 525,158 | 8,149 | 1,249 | 534,556 |
| | — | — | 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 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Disaggregated by timing of revenue recognition | | | | |
| | — | — | — | — |
| | — | — | — | — |
| Revenue from external customer | — | — | — | — |
| | — | — | — | — |
| Reportable segment revenue | — | — | — | — |
| Reportable segment gross profit | — | — | — | — |

(ii) Reconciliations of reportable segment gross profit

| | Six months ended June 30, 2021 RMB'000 | RMB'000 |
|---------------------------------|--|----------------|
| Reportable segment gross profit | 266,346 | 266,346 |
| Adjustments: | 2,225 | 2,225 |
| | <u>268,571</u> | <u>268,571</u> |

(iii) Geographic information

| | Six months ended June 30, 2021 RMB'000 | RMB'000 |
|---------------------------------|--|----------------|
| Reportable segment gross profit | 423,055 | 423,055 |
| Adjustments: | 111,501 | 111,501 |
| | <u>534,556</u> | <u>534,556</u> |
| Reportable segment gross profit | 634,898 | 634,898 |
| Adjustments: | 244,113 | 244,113 |
| | <u>879,011</u> | <u>879,011</u> |

5 OTHER GAINS AND LOSSES, NET

| | Six months ended June 30, 2021 RMB'000 | RMB'000 |
|----------------|--|--------------|
| Income tax | 21,618 | 1,100 |
| Other gains | 2,649 | 1,100 |
| Other losses | 37,764 | 1,100 |
| Other income | (50,172) | 1,100 |
| Other expenses | (26) | 1,100 |
| Other gains | 59,730 | 1,100 |
| Other losses | (1,207) | 1,100 |
| | <u>70,356</u> | <u>1,100</u> |

6 PROFIT BEFORE TAXATION

| | Six months ended June 30, 2021 RMB'000 | RMB'000 |
|-------------------|--|---------|
| (a) Finance costs | | |

(c) Other items

| | Six months ended June 30, 2021 RMB'000 | RMB'000 |
|--|--|----------|
| | 5,247 | 1 |
| | 24,293 | 1 |
| | 7,849 | 1 |
| | <u>655</u> | <u>1</u> |

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

| | Six months ended June 30, 2021 RMB'000 | RMB'000 |
|---------------------|--|---------|
| Current tax | <u>20,483</u> | 1 |
| | 20,483 | 1 |
| Deferred tax | <u>(945)</u> | 1 |
| | <u>19,538</u> | 1 |

11 TRADE AND BILLS RECEIVABLES

| | At June 30, 2021 RMB'000 | RMB'000 |
|---------------------------------------|-----------------------------------|---------------|
| Trade receivables | 83,712 | 83,712 |
| Less: Allowance for doubtful accounts | (6,083) | (6,083) |
| | <u>77,629</u> | <u>77,629</u> |
| Trade bills receivable | 2,000 | 2,000 |
| | <u>79,629</u> | <u>79,629</u> |

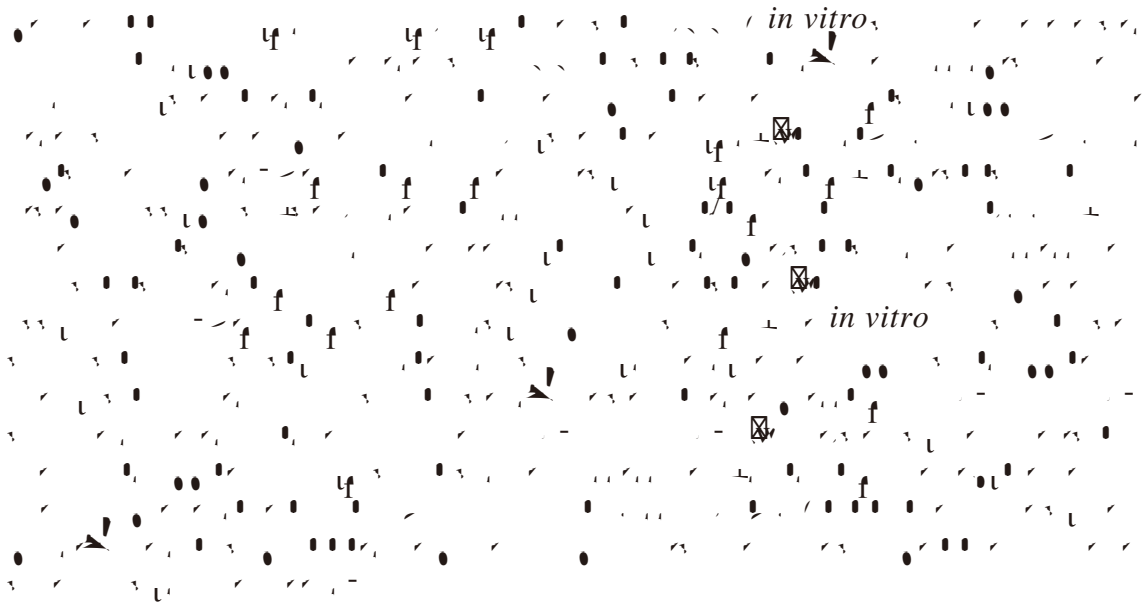
| | At June 30, 2021 RMB'000 | RMB'000 |
|---------------------------------------|-----------------------------------|---------------|
| Trade receivables | 59,430 | 59,430 |
| Trade bills receivable | 8,389 | 8,389 |
| Other receivables | 9,038 | 9,038 |
| Less: Allowance for doubtful accounts | 772 | (772) |
| | <u>77,629</u> | <u>77,629</u> |

12 TRADE PAYABLES

| | At June 30, 2021 RMB'000 | RMB'000 |
|---------------------|-----------------------------------|---------------|
| Trade payables | 51,843 | 51,843 |
| Trade bills payable | - | - |
| | <u>51,843</u> | <u>51,843</u> |

| | At June 30, 2021 RMB'000 | RMB'000 |
|---------------------|-----------------------------------|---------------|
| Trade payables | 51,843 | 51,843 |
| Trade bills payable | - | - |
| | <u>51,843</u> | <u>51,843</u> |

MANAGEMENT DISCUSSION AND ANALYSIS



2. Drug clinical trial services



3. Model animal research



4. Laboratory animal base in Wuzhou, Guangxi



Implementation of Special Tests

Implementation of Special Tests

Marketing

Marketing

Marketing

Marketing

Marketing

Marketing

Marketing

IPO of H Shares and Consolidating International Business

Stock Exchange

| | For the six months ended June 30, | | | |
|------------------|-----------------------------------|--------------|----------------|--------------|
| | 2021 | | | |
| | <i>RMB'000</i> | % | <i>RMB'000</i> | % |
| Revenue | 525,158 | 98.3 | 525,158 | 98.3 |
| Cost of Services | 8,149 | 1.5 | 8,149 | 1.5 |
| Other Income | 1,249 | 0.2 | 1,249 | 0.2 |
| Total | 534,556 | 100.0 | 534,556 | 100.0 |

Cost of Services

| | For the six months ended June 30, | | | |
|------------------|-----------------------------------|--------------|----------------|--------------|
| | 2021 | | | |
| | <i>RMB'000</i> | % | <i>RMB'000</i> | % |
| Cost of Services | 258,305 | 97.1 | 258,305 | 97.1 |
| Other Income | 6,931 | 2.6 | 6,931 | 2.6 |
| Other Expenses | 749 | 0.3 | 749 | 0.3 |
| Total | 265,985 | 100.0 | 265,985 | 100.0 |

Gross Profit and Gross Profit Margin

| | | | | |
|--|--|--|--|--|
| | | | | |
| | | | | |

| | 2017 | 2016 |
|-----------------------------|-------|-------|
| Operating income | 1,000 | 1,000 |
| Other gains and losses, net | 10 | 10 |
| Income before taxes | 1,010 | 1,010 |
| Income tax expense | (200) | (200) |
| Net income | 810 | 810 |
| Net income per share | 8.10 | 8.10 |

Other Gains and Losses, Net

| | 2017 | 2016 |
|------------------------------|------|------|
| Gain on sale of equipment | 10 | 10 |
| Gain on sale of investments | 10 | 10 |
| Gain on sale of land | 10 | 10 |
| Gain on sale of building | 10 | 10 |
| Gain on sale of other assets | 10 | 10 |
| Loss on sale of equipment | (10) | (10) |
| Loss on sale of investments | (10) | (10) |
| Loss on sale of land | (10) | (10) |
| Loss on sale of building | (10) | (10) |
| Loss on sale of other assets | (10) | (10) |
| Gain on sale of equipment | 10 | 10 |
| Gain on sale of investments | 10 | 10 |
| Gain on sale of land | 10 | 10 |
| Gain on sale of building | 10 | 10 |
| Gain on sale of other assets | 10 | 10 |
| Loss on sale of equipment | (10) | (10) |
| Loss on sale of investments | (10) | (10) |
| Loss on sale of land | (10) | (10) |
| Loss on sale of building | (10) | (10) |
| Loss on sale of other assets | (10) | (10) |
| Gain on sale of equipment | 10 | 10 |
| Gain on sale of investments | 10 | 10 |
| Gain on sale of land | 10 | 10 |
| Gain on sale of building | 10 | 10 |
| Gain on sale of other assets | 10 | 10 |
| Loss on sale of equipment | (10) | (10) |
| Loss on sale of investments | (10) | (10) |
| Loss on sale of land | (10) | (10) |
| Loss on sale of building | (10) | (10) |
| Loss on sale of other assets | (10) | (10) |

Selling and Marketing Expenses

| | 2017 | 2016 |
|--------------------------------|------|------|
| Selling and marketing expenses | 10 | 10 |
| Advertising | 10 | 10 |
| Commissions | 10 | 10 |
| Freight | 10 | 10 |
| Printing | 10 | 10 |
| Travel | 10 | 10 |
| Telephone | 10 | 10 |
| Postage | 10 | 10 |
| Other | 10 | 10 |

... %

General and Administrative Expenses

... %

Research and Development Expenses

... %

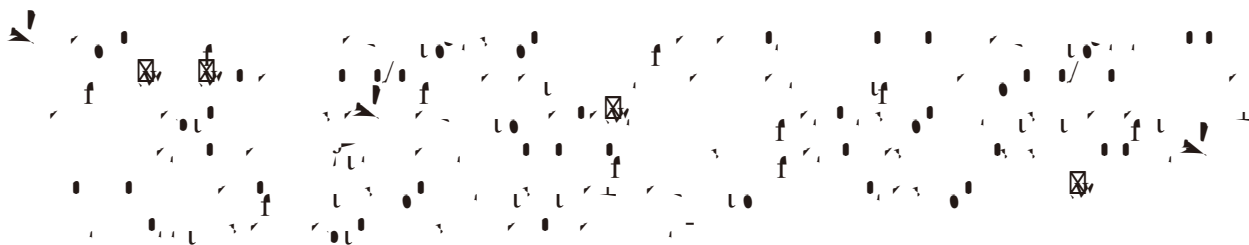
Income Tax Expense

... %

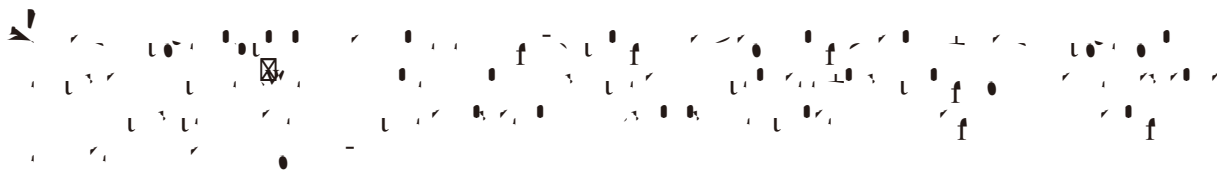
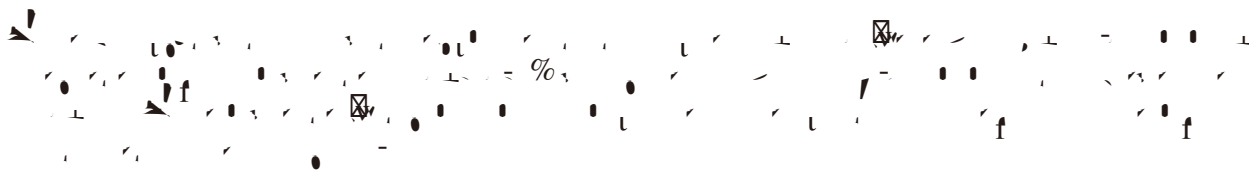
Profit for the Period

... %

Capital Management



Liquidity and Financial Resources



Gearing ratio



Foreign Exchange Exposure



Significant Investments Held



Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures



Future Plans for Material Investments

▶ We plan to invest in the following areas:

- **Strengthen non-clinical service offerings and expanding facilities**
- **Expand global footprint and enhance global service capabilities**

III. Outlook and Prospects

▶ We plan to invest in the following areas:

Strengthen non-clinical service offerings and expanding facilities

▶ We plan to invest in the following areas:

- **Strengthen non-clinical service offerings and expanding facilities**
- **Expand global footprint and enhance global service capabilities**

▶ We plan to invest in the following areas:

- **Strengthen non-clinical service offerings and expanding facilities**
- **Expand global footprint and enhance global service capabilities**

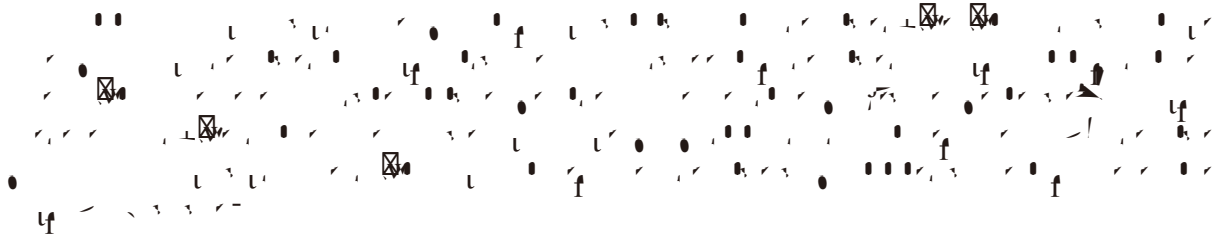
Expand global footprint and enhance global service capabilities

▶ We plan to invest in the following areas:

- **Strengthen non-clinical service offerings and expanding facilities**
- **Expand global footprint and enhance global service capabilities**



Broaden service offerings with a focus on clinical trial services



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



Expand research model facilities to support our non-clinical studies

□

| 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 | |
| Investment in research and development | 5.0 | 264.3 | – | 264.3 | 12 months |
| Investment in sales and marketing | 5.0 | 264.2 | – | 264.2 | 12 months |
| (C) Further expand our facility network and service capabilities in China | 39.0 | 2,061.3 | – | 2,061.3 | |
| Investment in research and development | 15.0 | 792.2 | – | 792.2 | 12 months |
| Investment in sales and marketing | 15.0 | 791.1 | – | 791.1 | 12 months |
| Investment in general corporate purposes | 5.0 | 264.0 | – | 264.0 | 12 months |
| Investment in working capital | 4.0 | 206.0 | – | 206.0 | 12 months |

| 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 | |
| (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

z z z

Compliance with the Corporate Governance Code

z Listing Rules z CG Code z z

Compliance with Model Code

z Model Code z

Audit Committee

z Audit Committee z z z z z

Publication of Interim Results Announcement and Interim Report

Appreciation

JOINN Laboratories (China) Co., Ltd.
Feng Yuxia
Chairperson

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.