

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **JOINN LABORATORIES (CHINA) CO., LTD.**

**北京昭衍新藥研究中心股份有限公司**

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

**(Stock code: 6127)**

### **CONNECTED TRANSACTION THE LEASING AGREEMENTS**

#### **THE LEASING AGREEMENTS**

On 30 August 2023, each of the Company, JOINN Medical Testing and JOINN Drug Quality Research (both subsidiaries of the Company) entered into the Beijing Joinn Biologics Leasing Agreements with Beijing Joinn Biologics in connection with the leased property for a term of 3 years commencing from the Commencement Date.

On the same day, JOINN Clinical (Beijing) entered into the tenancy agreement with Yizhao (Beijing) Medical Science & Technology for a term from 1 September 2023 to 31 August 2024.

Pursuant to HKFRS 16, the Group is required to recognise leased properties with a term of more than one year as a right-of-use asset. Therefore, Beijing Joinn Biologics Leasing Agreements and the transactions contemplated thereunder will be deemed as an asset acquisition by the Group under the Listing Rules.

#### **IMPLICATIONS OF THE LISTING RULES**

As at the date of this announcement, Beijing Joinn Biologics is held as to 91.07% and 8.93% by Joinn Biologics (HK) and the Company, respectively. Joinn Biologics (HK) is a wholly-owned subsidiary of Joinn Biologic Inc, and Joinn Biologic Inc is a subsidiary of Joinn Biologic Holdings Ltd., which is held as to 55% and 26% indirectly by Ms. Feng and Mr. Zhou, respectively. No other shareholder owns more than 30% of the equity interest of Joinn Biologic Inc. Therefore, Ms. Feng and Mr. Zhou are the Controlling Shareholders of Joinn Biologic Inc and the Company, as well as the Controlling Shareholders of Beijing Joinn Biologics. In addition, Ms. Feng and Mr. Zhou hold 85% of the equity interest of Yizhao (Beijing) Medical Science & Technology. Therefore, Beijing Joinn Biologics and Yizhao (Beijing) Medical Science & Technology are associates of the Controlling Shareholders of the Company and are therefore connected persons of the Company. Accordingly, the transactions contemplated under the Leasing Agreements constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios of the total value of the right-of-use asset under Beijing Joinn Biologics Leasing Agreement and the annual rent under JOINN Clinical (Beijing) Leasing Agreement exceed 0.1% but is less than 5%, the connected transactions contemplated under the Leasing Agreements (as the case may be) shall be subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## THE LEASING AGREEMENTS

### (A) Beijing Joinn Biologics Leasing Agreements

On 30 August 2023, each of the Company, JOINN Medical Testing and JOINN Drug Quality Research (both subsidiaries of the Company) entered into the Beijing Joinn Biologics Leasing Agreements with Beijing Joinn Biologics in connection with the leased property for a term of 3 years commencing from the Commencement Date.

The principal terms of the Beijing Joinn Biologics Leasing Agreement are set out below:

Date	:	30 August 2023
Lease term	:	From 1 September 2023 to 31 August 2026
Landlord	:	Beijing Joinn Biologics
Tenant	:	(i) the Company (ii) JOINN Medical Testing (iii) JOINN Drug Quality Research
Leased property	:	(i) Company Leasing Agreement: certain facilities located at 7 Ruihe West 1st Road, Daxing District, Beijing (ii) JOINN Medical Testing Leasing Agreement: certain facilities located at 7 Ruihe West 1st Road, Daxing District, Beijing (iii) JOINN Drug Quality Research Leasing Agreement: certain facilities located at 7 Ruihe West 1st Road, Daxing District, Beijing

Leased area	:	(i) Company Leasing Agreement: 2,212 sq.m (ii) JOINN Medical Testing Leasing Agreement: 3,250.7 sq.m (iii) JOINN Drug Quality Research Leasing Agreement: 3,852.85 sq.m
Purpose	:	(i) Company Leasing Agreement: office premises (ii) JOINN Medical Testing Leasing Agreement: business premises required for drug clinical trial-related services (iii) JOINN Drug Quality Research Leasing Agreement: business premises required for qualitative research and inspection-related services
Payment method	:	Payable quarterly and the rent of each period shall be paid within 10 days after the expiration of the previous payment period
Rent-free period	:	(i) Company Leasing Agreement: from 1 September 2023 to 30 September 2023 (ii) JOINN Medical Testing Leasing Agreement: From 1 September 2023 to 30 November 2023 (iii) JOINN Drug Quality Research Leasing Agreement: From 1 September 2023 to 30 November 2023
Rent	:	Annual rent: (i) Company Leasing Agreement: 2023.9.1-2024.8.31: RMB891,878.40 2024.9.1-2025.8.31: RMB968,856.00 2025.9.1-2026.8.31: RMB968,856.00

(ii) JOINN Medical Testing Leasing Agreement:

2023.9.1-2024.8.31: RMB1,629,485.00

2024.9.1-2025.8.31: RMB2,162,771.00

2025.9.1-2026.8.31: RMB2,162,771.00

(iii) JOINN Drug Quality Research Leasing Agreement:

2023.9.1-2024.8.31: RMB1,921,067.50

2024.9.1-2025.8.31: RMB2,549,780.50

2025.9.1-2026.8.31: RMB2,549,780.50

Lease rental does not include property management fee, utilities costs, heating costs and any other expenses

Price determination:  
basis

The rent of the property is determined on an arm's length basis and on normal commercial terms, taking into account: (i) the prevailing market rent of the property to be leased (available as public information and after consulting opinions from several well-known local real estate agents); (ii) the condition of the property to be leased; (iii) the location of the property to be leased; (iv) the lease rental level of similar properties adjacent to the leased property (taking into account factors such as the leased area and age of the building); and (v) whether there are properties of similar size and location

In addition, at the same time, each of the Company, JOINN Medical Testing and JOINN Drug Quality Research entered into the property service agreement with Beijing Joinn Biologics in connection with the property management services under the Beijing Joinn Biologics Leasing Agreements, for a term from 1 September 2023 to 30 August 2026, pursuant to which, Beijing Joinn Biologics will provide property management services to the Company, JOINN Medical Testing and JOINN Drug Quality Research. Since all percentage ratios (except the profit ratio) of the annual transaction amount of the relevant property management services are less than 0.1%, the transaction is fully exempt pursuant to Rule 14A.76(1)(a) of the Listing Rules.

## **(B) JOINN Clinical (Beijing) Leasing Agreement**

On 30 August 2023, JOINN Clinical (Beijing) entered into a tenancy agreement with Yizhao (Beijing) Medical Science & Technology for a term from 1 September 2023 to 31 August 2024.

The principal terms of the Yizhao (Beijing) Medical Science & Technology Leasing Agreement are set out below:

Date	:	30 August 2023
Lease term	:	from 1 September 2023 to 31 August 2024
Landlord	:	Yizhao (Beijing) Medical Science & Technology
Tenant	:	JOINN Clinical (Beijing)
Leased property	:	certain facilities located at Building 32, Huilongsen Technology Park
Leased area	:	456.74 sq.m
Purpose	:	office premises
Payment method:		Payable quarterly and the rent of each period shall be paid within 15 days after the expiration of the previous payment period
Rent-free period:		Nil
Rent	:	RMB121,195.96 per quarter (lease rental does not include property management fee, utilities costs, heating costs and any other expenses)
Price determination basis	:	The rent of the property is determined on an arm's length basis and on normal commercial terms, taking into account: (i) the prevailing market rent of the property to be leased (available as public information and after consulting opinions from several well-known local real estate agents); (ii) the condition of the property to be leased; (iii) the location of the property to be leased; (iv) the lease rental level of similar properties adjacent to the leased property (taking into account factors such as the leased area and age of the building); and (v) whether there are properties of similar size and location

## **ACCOUNTING IMPLICATION AND TREATMENT UNDER THE LISTING RULES**

In accordance with the IFRS 16 applicable to the Group, the Group will recognise the rental payments to be paid by the Group under the Leasing Agreements with a term of more than one year as acquisition of right-of-use asset in its consolidated statement of financial position. Therefore, the Leasing Agreements and the transaction(s) contemplated thereunder will be deemed as an asset acquisition by the Group under the Listing Rules, and will constitute a one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

The values of the right-of-use asset under the Company Leasing Agreement, JOINN Medical Testing Leasing Agreement and JOINN Drug Quality Research Leasing Agreement are estimated to be approximately RMB2,429,000, RMB5,550,000 and RMB6,543,000, respectively, being the estimated present values of the total rent payable throughout the term of the lease agreement in accordance with IFRS 16. In addition, pursuant to JOINN

## **Information of the Company, JOINN Medical Testing, JOINN Drug Quality Research and JOINN Clinical (Beijing)**

### ***The Company***

The Company was incorporated in the PRC on 14 February 2008 and converted into a joint-stock company on 26 December 2012, the A Shares of which are listed on the Shanghai Stock Exchange (Stock Code: 603127) and the H Shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 6127).

### ***JOINN Medical Testing***

JOINN Medical Testing is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company. JOINN Medical Testing is principally engaged in clinical trials for drugs and related services.

### ***JOINN Drug Quality Research***

JOINN Drug Quality Research is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company. JOINN Drug Quality Research is principally engaged in qualitative researches and inspection services.

### ***JOINN Clinical (Beijing)***

JOINN Clinical (Beijing) is a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company. JOINN Clinical (Beijing) is principally engaged in clinical trials for drugs and related services.

## **Information of Beijing Joinn Biologics**

Beijing Joinn Biologics is a company incorporated in the PRC with limited liability. Beijing Joinn Biologics is held as to 91.07% and 8.93% by Joinn Biologics (HK) and the Company, respectively. Joinn Biologics (HK) is a wholly-owned subsidiary of Joinn Biologic Inc, and Joinn Biologic Inc is a subsidiary of Joinn Biologic Holdings Ltd., which is held as to 55% and 26% indirectly by Ms. Feng and Mr. Zhou, respectively. No other shareholder owns more than 30% of the equity interest of Joinn Biologic Inc. Therefore, Ms. Feng and Mr. Zhou are the Controlling Shareholders of Joinn Biologic Inc and the Company, as well as the Controlling Shareholders of Beijing Joinn Biologics. Beijing Joinn Biologics is principally engaged in the provision of feasibility study, exploitation and optimization of technologies, qualitative researches and other services to institutions engaging in the research and development of innovative drugs around the globe.

## **Information of Yizhao (Beijing) Medical Science & Technology**

Yizhao (Beijing) Medical Science & Technology is a company incorporated in the PRC with limited liability and is held as to 85% by Ms. Feng and Mr. Zhou. Yizhao (Beijing) Medical Science & Technology is principally engaged in the technical development, technical services and sales of medical equipment.

## IMPLICATIONS OF THE LISTING RULES

As at the date of this announcement, Beijing Joynn Biologics is held as to 91.07% and 8.93% by Joynn Biologics (HK) and the Company, respectively. Joynn Biologics (HK) is a wholly-owned subsidiary of Joynn Biologic Inc, and Joynn Biologic Inc is a subsidiary of Joynn Biologic Holdings Ltd., which is held as to 55% and 26% indirectly by Ms. Feng and Mr. Zhou, respectively. No other shareholder owns more than 30% of the equity interest of Joynn Biologic Inc. Therefore, Ms. Feng and Mr. Zhou are the Controlling Shareholders of Joynn Biologic Inc and the Company, as well as the Controlling Shareholders of Beijing Joynn Biologics. In addition, Ms. Feng and Mr. Zhou hold 85% of the equity interest of Yizhao (Beijing) Medical Science & Technology. Therefore, Beijing Joynn Biologics and Yizhao (Beijing) Medical Science & Technology are associates of the Controlling Shareholders of the Company and are therefore connected persons of the Company. Accordingly, the transactions contemplated under the Leasing Agreements constitute one-off connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratios of the total value of the right-of-use asset under Beijing Joynn Biologics Leasing Agreement and the annual rent under JOINN Clinical (Beijing) Leasing Agreement exceed 0.1% but is less than 5%, the connected transactions contemplated under the Leasing Agreements (as the case may be) shall be subject to the reporting, announcement and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. Feng, an executive Director and the Chairperson of the Board, and Mr. Gao, an executive Director, have abstained from voting at the meeting of the Board to approve the Leasing Agreements, due to the fact that Ms. Feng is a Controlling Shareholder of Beijing Joynn Biologics and Yizhao (Beijing) Medical Science & Technology, while Mr. Gao is the husband of the niece of Ms. Feng. Mr. Zuo, an executive Director, has abstained from voting at the meeting of the Board to approve the JOINN Clinical (Beijing) Leasing Agreement, due to the fact that Mr. Zuo is a director of Yizhao (Beijing) Medical Science & Technology. Save as disclosed above, none of the other Directors have any material interest in any of the lease, or were required to abstain from voting on the resolutions of the transactions thereunder.

## DEFINITIONS

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

“Beijing Joinn Biologics”	Beijing Joinn Biologics Co., Ltd. (北京昭衍生物技術有限公司), a limited liability company incorporated under the laws of the PRC
“Beijing Joinn Biologics Leasing Agreements”	the leasing agreement entered into by each of the Company, JOINN Medical Testing and JOINN Drug Quality Research (both subsidiaries of the Company) with Beijing Joinn Biologics on 30 August 2023
“Board”	the board of directors of the Company
“Commencement Date”	1 September 2023
“Company”	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 PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Company Leasing Agreement”	the leasing agreement entered into by the Company and Beijing Joinn Biologics on 30 August 2023
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“IFRSs”	International Financial Reporting Standards issued by the International Accounting Standard Board

“JOINN Clinical (Beijing)”	JOINN Clinical (Beijing) Co., Ltd. (昭衍(北京)醫藥科技有限公司), a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“JOINN Clinical (Beijing) Leasing Agreement”	the tenancy agreement entered into by JOINN Clinical (Beijing) and Yizhao (Beijing) Medical Science & Technology on 30 August 2023
“JOINN Drug Quality Research”	JOINN Drug Quality Research and Testing (Beijing) Co., Ltd. (北京昭衍藥物檢定研究有限公司), a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“JOINN Drug Quality Research Leasing Agreement”	the leasing agreement entered into by JOINN Drug Quality Research and Beijing Joinn Biologics on 30 August 2023
“JOINN Medical Testing”	JOINN Medical Testing Laboratories (Beijing) Co., Ltd. (昭衍(北京)檢測技術有限公司), a limited liability company incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“JOINN Medical Testing Leasing Agreement”	the leasing agreement entered into by JOINN Medical Testing and Beijing Joinn Biologics on 30 August 2023
“Leasing Agreements”	Beijing Joinn Biologics Leasing Agreement and JOINN Clinical (Beijing) Leasing Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Mr. Gao”	Mr. Gao Dapeng, a joint company secretary and executive director of the Company, and the husband of the niece of Ms. Feng
“Mr. Zhou”	Mr. Zhou Zhiwen (周志文), a Controlling Shareholder of the Company and the spouse of Ms. Feng
“Mr. Zuo”	Mr. Zuo Conglin, the vice chairperson of the Board and an executive Director
“Ms. Feng”	Ms. Feng Yuxia (馮宇霞), a Controlling Shareholder, the chairperson of the Board and an executive Director of the Company

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Yizhao (Beijing) Medical Science & Technology”	Yizhao (Beijing) Medical Science & Technology Co., Ltd. (熠昭(北京)醫藥科技有限公司), a limited liability company incorporated under the laws of the PRC
“%”	per cent.

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

Beijing, the PRC, 30 August 2023

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