
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in JOINN Laboratories (China) Co., Ltd., you should at once hand this circular, together with the enclosed form of proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

- (1) ANNUAL REPORT AND SUMMARY FOR 2021;**
- (2) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021;**
- (3) WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2021;**
- (4) FINAL ACCOUNT REPORT FOR 2021;**
- (5) PROPOSED 2021 PROFIT DISTRIBUTION PLAN;**
- (6) PROPOSED RE-APPOINTMENT OF THE AUDITOR FOR THE FINANCIAL REPORT AND THE INTERNAL CONTROL AUDITOR FOR 2022;**
- (7) PROPOSED REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT;**
- (8) PROPOSED REMUNERATION OF SUPERVISORS;**
- (9) PROPOSED CHANGE OF THE REGISTERED CAPITAL OF THE COMPANY;**
- (10) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;**
- (11) PROPOSED PURCHASE OF WEALTH MANAGEMENT PRODUCTS WITH INTERNAL IDLE FUND;**
- (12) PROPOSED AMENDMENTS TO THE MANAGEMENT SYSTEM FOR THE FUNDS RAISED;**
- (13) PROPOSED ADOPTION OF THE SHARE INCENTIVE SCHEME (H SHARES) AND PROPOSED AUTHORIZATION TO THE BOARD TO DEAL WITH MATTERS IN RELATION TO THE SHARE INCENTIVE SCHEME (H SHARES);**
- (14) PROPOSED CHANGE IN USE OF NET PROCEEDS;**
- (15) PROPOSED GRANT OF GENERAL MANDATE IN RELATION TO REPURCHASE OF A SHARES AND H SHARES;**
- (16) NOTICE OF THE ANNUAL GENERAL MEETING OF 2021; AND**
- (17) NOTICE OF THE SECOND H SHARE CLASS MEETING OF 2022**

The notice convening the Annual General Meeting and the notice convening the H Share Class Meeting to be held at A5 Rongjing East Street, Beijing Economic-Technological Development Area, Beijing, China on Friday, June 24, 2022 at 2:00 p.m. are set out in this circular.

Whether or not you are able to attend the Annual General Meeting and/or the H Share Class Meeting, please complete and sign the enclosed form of proxy for use at the Annual General Meeting and/or the H Share Class Meeting in accordance with the instructions printed thereon and return it to the H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 24 hours before the time appointed for the Annual General Meeting and/or the H Share Class Meeting (i.e. not later than 2:00 p.m. on Thursday, June 23, 2022 (Hong Kong time) or the adjourned meeting (as the case may be). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the Annual General Meeting and/or the H Share Class Meeting if they so wish.

For joint shareholders of any Shares, only the joint shareholder whose name appears first in the register of members is entitled to accept the certificate for the relevant shares from the Company, and receive notices or other documents of the Company. Any notice delivered to the aforesaid shareholder shall be deemed to have been delivered to all the joint shareholders of the relevant shares. Any joint shareholder may sign the proxy form, provided that if more than one joint shareholders who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint shareholders. In this regard, the priority of shareholders shall be determined by the ranking of joint holders in the Company's register of members in relation to the relevant shares.

This circular together with the form of proxy are also published on the websites of Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.joinnlabs.com>).

References to time and dates in this circular are to Hong Kong time and dates.

Please see page ii of this document for measures being taken with a view to prevent and control the spread of the coronavirus disease 2019 (COVID-19) at the Annual General Meeting and the H Share Class Meeting, including:

- compulsory temperature checks and health declarations
- wearing of surgical face masks
- no distribution of corporate gifts and refreshments
- any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.

Any person who does not comply with the precautionary measures may be denied entry into the Annual General Meeting and the H Share Class Meeting venue. The Company requires attendees to wear face masks and reminds Shareholders that they may appoint the Chairman of the meeting as their proxy to vote on the relevant resolutions at the Annual General Meeting and the H Share Class Meeting as an alternative to attending the Annual General Meeting and the H Share Class Meeting in person.

May 26, 2022

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PRECAUTIONARY MEASURES FOR THE ANNUAL GENERAL MEETING AND THE H SHARE CLASS MEETING

The health of our shareholders, staff and stakeholders is of paramount importance to us. In view of the ongoing Coronavirus Disease 2019 (COVID-19) pandemic, the Company will implement the following precautionary measures at the AGM and the H Share Class Meeting to protect attending shareholders, staff and stakeholders from the risk of infection:

- (i) Compulsory body temperature checks will be conducted on every Shareholder, proxy and other attendee at the entrance of the meeting venue. Any person with a body temperature of over 37.4 degrees Celsius may be denied entry into the meeting venue or be required to leave the meeting venue.
- (ii) All Shareholders, proxies and other attendees are required to complete and submit at the entrance of the meeting venue a declaration form confirming their names and contact details. Any person who does not comply with this requirement may be denied entry into the meeting venue or be required to leave the meeting venue.
- (iii) Attendees are required to always wear surgical face masks inside the meeting venue, and to maintain a safe distance between seats.
- (iv) No refreshments will be served, and there will be no corporate gifts.
- (v) Any other additional precautionary measures in accordance with the prevailing requirements or guidelines of the Government and/or regulatory authorities, or as considered appropriate in light of the development of the COVID-19 pandemic.

To the extent permitted under the applicable laws, the Company reserves the right to deny entry into the AGM and the H Share Class Meeting venue or require any person to leave the AGM and the H Share Class Meeting venue in order to ensure the safety of the attendees at the AGM and the H Share Class Meeting. In the interest of all stakeholders' health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all Shareholders that physical attendance in person at the AGM and the H Share Class Meeting is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the AGM and the H Share Class Meeting as their proxy to vote on the relevant resolutions at the AGM and the H Share Class Meeting instead of attending the AGM and the H Share Class Meeting in person.

Subject to the development of the COVID-19 pandemic and the requirements or guidelines of the Government and/or regulatory authorities, the Company may announce further updates on the AGM and the H Share Class Meeting arrangement on the Company's website (<http://www.joinnlabs.com>) and the Stock Exchange (www.hkexnews.hk) as and when appropriate.

EXPECTED TIMETABLE

The expected timetable for the Capitalization of Reserve and Profit Distribution, which are subject to Shareholders' approval of the 2021 Profit Distribution Plan at the AGM, the A Share Class Meeting and the H Share Class Meeting, as set forth below is indicative only and has been prepared on the assumption that all conditions of the Capitalization of Reserve and Profit Distribution will be fulfilled. Any consequential changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

Latest time for lodging transfer documents for
registration of transfer of H Shares to
qualify for attending and voting at the AGM and
the H Share Class Meeting 4:30 p.m. on
Monday, June 20, 2022

Closure of register of members for transfer of
H Shares to qualify for attending and voting
at the AGM and the H Share Class Meeting Tuesday, June 21, 2022
to Friday, June 24, 2022
(both days inclusive)

Latest time for returning proxy form for the AGM 2:00 p.m. on
Thursday, June 23, 2022

Latest time for returning proxy form for
the H Share Class Meeting 2:00 p.m. on
Thursday, June 23, 2022

AGM 2:00 p.m. on
Friday, June 24, 2022

A Share Class Meeting after the conclusion of the AGM
on Friday, June 24, 2022

H Share Class Meeting after the conclusion of the AGM
and A Share Class Meeting on
Friday, June 24, 2022

Announcement of poll results of the AGM,
A Share Class Meeting and H Share Class Meeting Friday, June 24, 2022

Resumption of registration of transfer of H Shares Monday, June 27, 2022

Last day of dealings in H shares on a
cum-entitlement basis relating to the
Cash Dividend and the Capitalization Shares Wednesday, July 27, 2022

First day of dealings in H Shares on
an ex-entitlement basis relating to the
Cash Dividend and the Capitalization Shares Thursday, July 28, 2022

EXPECTED TIMETABLE

Latest time for lodging transfer documents for registration of transfer of H Shares to qualify H Shareholders for the Cash Dividend and the Capitalization Shares 4:30 p.m. on Friday, July 29, 2022

Closure of register of members for transfer of H Shares to qualify H Shareholders for the Cash Dividend and the Capitalization Shares⁽¹⁾ Monday, August 1, 2022 to Wednesday, August 3, 2022 (both days inclusive)

Record Date (to qualify H Shareholders for the Cash Dividend and the Capitalization Shares) Wednesday, August 3, 2022

Resumption of registration of transfer of H Shares Thursday, August 4, 2022

Latest time for delivery of payment cheques for the Cash Dividend Tuesday, August 23, 2022

Certificates for the Capitalization Shares expected to be despatched Tuesday, August 23, 2022

Commencement of dealings in the Capitalization H Shares Wednesday, August 24, 2022

Notes:

1. If there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning, or “extreme conditions” caused by super typhoons:
 - (a) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon, the latest time for lodging transfer documents will remain at 4:30 p.m. on the same Business Day;
 - (b) in force in Hong Kong at any local time between 12:00 noon and 4:30 p.m., the latest time for lodging transfer documents will be rescheduled to 4:30 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:30 p.m.
2. The period of closure of register of members for transfer of H Shares to qualify H Shareholders for the Cash Dividend and the Capitalization Shares is pursuant to the relevant provisions in the Articles of Association.
3. All times and dates in this circular are Hong Kong times and dates.

DEFINITIONS

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

“2021 Annual Report”	the annual report for the Company for the year ended December 31, 2021
“2021 Profit Distribution Plan”	the profit distribution plan of the Company for the year ended December 31, 2021 including the Capitalization of Reserve and Profit Distribution
“A Share(s)”	ordinary share(s) of the Company with a nominal value of RMB1.00 each listed on the Shanghai Stock Exchange
“A Share Class Meeting”	the second A Share class meeting of the Company of 2022 to be held on Friday, June 24, 2022
“A Share Repurchase Mandate”	a general mandate proposed to be granted to the Board at the AGM and the Class Meetings to exercise the power of the Company to repurchase A Share not exceeding 10% of the total number of A Shares in issue and having not been repurchased as at the date of passing the proposed relevant resolutions at the AGM and the Class Meetings
“A Shareholder(s)”	holder(s) of A Shares
“Actual Award Price”	(i) the actual price to be received by a Selected Participant, being the difference between the actual price at which the Award Shares are sold (net of brokerage, Hong Kong Stock Exchange trading fee, SFC transaction levy, stamp duty and any other applicable expenditure, tax and costs) on vesting of an Award pursuant to the Scheme, minus the Grant Price; or (ii) in the case of a vesting when there is an event of change in control or privatisation of the Company, the consideration receivable under the related scheme or offer
“Adoption Date”	the date on which the Scheme is approved and adopted by a special resolution at the General Meeting

DEFINITIONS

“Annual General Meeting” or “AGM”	the annual general meeting of the Company to be held at A5 Rongjing East Street, Beijing Economic-Technological Development Area, Beijing, China on Friday, June 24, 2022 at 2:00 p.m., to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 75 to 77 of this circular, or any adjournment thereof
“Articles of Association”	the articles of association of the Company as amended from time to time
“Award”	an award granted to a Selected Participant as the Board may determine in accordance with the terms of the Share Incentive Scheme
“Award Letter”	a letter issued by the Company to each Selected Participant in such form as the Board or the committee of the Board or person(s) to which the Board has delegated its authority may from time to time determine, specifying the Grant Date, the number of Award Shares underlying the Award, the vesting criteria and conditions, and the Vesting Date and such other details as they may consider necessary
“Award Shares”	the H Shares granted or to be granted to a Selected Participant in an Award
“Board” or “Board of Directors”	the board of Directors
“Capitalization of Reserve”	the proposed issue of 4 Capitalization Shares for every 10 Shares by way of capitalization of reserve
“Capitalization Shares”	the new Shares to be allotted and issued under the Capitalization of Reserve by the Company
“CCASS”	Central Clearing and Settlement System
“China” or “PRC”	the People’s Republic of China excluding, for the purpose of this circular, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Class Meetings”	the A Share Class Meeting and the H Share Class Meeting

DEFINITIONS

“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 People’s Republic of China with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
“Company Law”	the Company Law of the People’s Republic of China, as amended from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“CRO”	Contract Research Organization, which means a company focused on providing research and development services to companies in the pharmaceutical and agrochemical markets
“Director(s)”	the director(s) of the Company
“Eligible Person(s)”	such person(s) who are eligible to participate in the Share Incentive Scheme, the scope of which is set out in detail in “(VI) Scope of Eligible Persons and Selected Participants of the Share Incentive Scheme” of this circular
“GFA”	gross floor area
“Global Offering”	the Hong Kong public offering and international offering of the H Shares as described in the Prospectus
“Grant Date”	the date on which the grant of an Award is made to a Selected Participant, being the date of an Award Letter
“Grant Price”	(i) the closing price of the Award Shares on the Grant Date; or (ii) the cost paid and/or payable by the Company for instructing the Trustee to acquire the Award Shares through on-market acquisition, whichever is higher
“Group” or “our Group”	the Company and its subsidiaries
“H Share(s)”	overseas-listed foreign share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, listed on the Main Board of the Hong Kong Stock Exchange

DEFINITIONS

“H Share Class Meeting”	the second H Share class meeting of the Company of 2022 to be held on Friday, June 24, 2022 after the conclusion of the Annual General Meeting and the A Share Class Meeting to consider and, if appropriate, to approve the resolutions contained in the notice of the meeting which is set out on pages 78 to 80 of this circular, or any adjournment thereof
“H Share Registrar”	Tricor Investor Services Limited, the H Share registrar of the Company
“H Share Repurchase Mandate”	a general mandate proposed to be granted to the Board at the AGM and the Class Meetings to exercise the power of the Company to repurchase H Share not exceeding 10% of the total number of H Shares in issue and having not been repurchased as at the date of passing the proposed relevant resolutions at the AGM and the Class Meetings
“H Shareholder(s)”	holder(s) of H Shares
“HK\$” or “HK dollars”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“JOINN Laboratories (Suzhou)”	JOINN Laboratories (Suzhou) Co., Ltd. (昭衍(蘇州)新藥研究中心有限公司), which was incorporated in the PRC on December 11, 2008 with limited liability, and a wholly-owned subsidiary of the Company
“Latest Practicable Date”	May 19, 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Net Proceeds”	the net proceeds from the Global Offering, which amounted to approximately HK\$6,373.6 million (equivalent to approximately RMB5,285.2 million)

DEFINITIONS

“New A Shares”	the new A Shares to be allotted and issued under the Capitalization of Reserve
“New H Shares”	the new H Shares to be allotted and issued under the Capitalization of Reserve
“PRC”	the People’s Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Profit Distribution”	the proposed distribution of cash dividend of RMB0.36 per Share
“Proposed Reallocation”	the proposed reallocation of Net Proceeds of RMB788 million as described in this circular
“Prospectus”	the prospectus of the Company dated February 16, 2021
“Related Income”	all cash income derived from the vested Award Shares (i.e., cash dividends declared and paid on the Award Shares) excluding any interest earned on such cash income and held on trust for the benefit of the Selected Participant, notwithstanding whether Actual Award Price has been paid to the Selected Participant
“Returned Shares”	such Award Shares that are cancelled, lapsed, not vested and/or are forfeited in accordance with the terms of the Scheme, or such Shares being deemed to be Returned Shares under the Share Incentive Scheme Rules
“Returned Trust Funds”	all cash income derived from the Returned Shares (i.e., cash dividends declared and paid on the Returned Shares) or otherwise derived pursuant to the Share Incentive Scheme, in either case excluding any interest earned on such cash income or otherwise and held on trust for the purpose of the Share Incentive Scheme
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme Limit”	shall have the meaning set out in “14.(VII) Scheme Limit of the Share Incentive Scheme”

DEFINITIONS

“Selected Participant”	any Eligible Person approved for participation in the Share Incentive Scheme and who has been granted any Award pursuant to the Share Incentive Scheme
“SFC”	The Securities and Futures Commission
“Share(s)”	ordinary share(s) in the issued share capital of the Company, with a nominal value of RMB1.00 each, including both A Share(s) and H Share(s)
“Share Incentive Scheme” or “Scheme”	the Share Incentive Scheme (H Shares) of the Company to be considered and, where applicable, approved by Shareholders at the Annual General Meeting
“Share Incentive Scheme Rules”	the rules set out herein relating to the Share Incentive Scheme as amended from time to time
“Shareholder(s)”	holder(s) of Share(s)
“SSE”	The Shanghai Stock Exchange, a stock exchange based in the city of Shanghai, China
“Supervisor(s)”	member(s) of the Supervisory Committee
“Supervisory Committee”	the Supervisory Committee of the Company
“SZSE”	The Shenzhen Stock Exchange, a stock exchange based in the city of Shenzhen, China
“Takeovers Code”	The Code on Takeovers and Mergers published by the SFC
“Transactions”	the transactions disclosed in the Yinmore Announcement and Weimei Announcement
“Trust”	the trust or any other entity(ies) established by the Trustee and constituted by the Trust Deed (if any) to service the Share Incentive Scheme
“Trust Deed”	the trust deed entered or to be entered into between the Company and the Trustee in the context of establishment of the Trust (as may be restated, supplemented and amended from time to time)

DEFINITIONS

“Vesting Date(s)”	the date or dates, as determined from time to time by the Board, on which the Award (or part thereof) is to vest in the relevant Selected Participant as set out in the relevant Award Letter
“Weimei Announcement”	the announcement of the Company dated April 28, 2022 in relation to transfer of equity interest of Weimei Bio-Tech
“Weimei Bio-Tech”	Guangxi Weimei Bio-Tech Co., Ltd (廣西瑋美生物科技股份有限公司), a company established under the laws of the PRC with limited liability
“Yinmore Announcement”	the announcement of the Company date April 28, 2022 in relation to transfer of equity interest of Yinmore Bio-Tech
“Yinmore Bio-Tech”	Yunnan Yinmore Bio-Tech Co., Ltd (雲南英茂生物科技股份有限公司), a company established under the laws of the PRC with limited liability



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)

Executive Directors:

Ms. Feng Yuxia (*Chairperson*)
Mr. Zuo Conglin
Mr. Gao Dapeng
Ms. Sun Yunxia
Dr. Yao Dalin

Non-executive Director:

Mr. Gu Xiaolei

Independent Non-executive Directors:

Mr. Sun Mingcheng
Dr. Zhai Yonggong
Mr. Ou Xiaojie
Mr. Zhang Fan

Registered Office:

A5 Rongjing East Street
Beijing Economic-Technological
Development Area
Beijing, 100176, China

*Headquarters and Principal Place of
Business in the PRC:*

A5 Rongjing East Street
Beijing Economic-Technological
Development Area
Beijing, 100176, China

*Principal Place of Business in
Hong Kong:*

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

May 26, 2022

To the Shareholders

Dear Sir or Madam,

- (1) ANNUAL REPORT AND SUMMARY FOR 2021;
- (2) WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021;
- (3) WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2021;
- (4) FINAL ACCOUNT REPORT FOR 2021;
- (5) PROPOSED 2021 PROFIT DISTRIBUTION PLAN;
- (6) PROPOSED RE-APPOINTMENT OF THE AUDITOR FOR THE FINANCIAL REPORT AND THE INTERNAL CONTROL AUDITOR FOR 2022;
- (7) PROPOSED REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT;
- (8) PROPOSED REMUNERATION OF SUPERVISORS;
- (9) PROPOSED CHANGE OF THE REGISTERED CAPITAL OF THE COMPANY;
- (10) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION;
- (11) PROPOSED PURCHASE OF WEALTH MANAGEMENT PRODUCTS WITH INTERNAL IDLE FUND;
- (12) PROPOSED AMENDMENTS TO THE MANAGEMENT SYSTEM FOR THE FUNDS RAISED;
- (13) PROPOSED ADOPTION OF THE SHARE INCENTIVE SCHEME (H SHARES) AND PROPOSED AUTHORIZATION TO THE BOARD TO DEAL WITH MATTERS IN RELATION TO THE SHARE INCENTIVE SCHEME (H SHARES);
- (14) PROPOSED CHANGE IN USE OF NET PROCEEDS;
- (15) PROPOSED GRANT OF GENERAL MANDATE IN RELATION TO REPURCHASE OF A SHARES AND H SHARES;
- (16) NOTICE OF THE ANNUAL GENERAL MEETING OF 2021; AND
- (17) NOTICE OF THE SECOND H SHARE CLASS MEETING OF 2022

LETTER FROM THE BOARD

1. INTRODUCTION

The purpose of this circular is to provide the Shareholders with information in respect of certain resolutions to be proposed at the Annual General Meeting and the H Share Class Meeting to be held on Friday, June 24, 2022, to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the Annual General Meeting and the H Share Class Meeting. For the details of the proposed resolutions at the Annual General Meeting and the H Share Class Meeting, please also refer to the notices of the Annual General Meeting and the H Share Class Meeting enclosed with this circular.

2. ANNUAL REPORT AND SUMMARY FOR 2021

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the annual report and annual report summary for the year 2021 which are or will be published on the websites of the Hong Kong Stock Exchange (<http://www.hkexnews.hk>) and Shanghai Stock Exchange (<http://www.sse.com.cn>).

3. WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021

The work report of the Board of the Company for 2021 was considered and approved by the Board and will hereby be proposed at the Annual General Meeting as an ordinary resolution for Shareholders' consideration and approval, details of which are set out in Appendix I to this circular.

4. WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2021

The work report of the Supervisory Committee of the Company for 2021 was considered and approved by the Supervisory Committee and is hereby proposed at the Annual General Meeting as an ordinary resolution for Shareholders' consideration and approval, details of which are set out in Appendix II to this circular.

5. FINAL ACCOUNT REPORT FOR 2021

The final account report of the Company for 2021 was considered and approved by the Board and is hereby proposed at the Annual General Meeting as an ordinary resolution for Shareholders' consideration and approval, details of which are set out in Appendix III to this circular.

LETTER FROM THE BOARD

6. PROPOSED 2021 PROFIT DISTRIBUTION PLAN

Special resolution will be proposed at the Annual General Meeting, the A Share Class Meeting and the H Share Class Meeting to consider and approve the proposed 2021 Profit Distribution Plan.

The Board proposed the issue of the Capitalization Shares on the basis of 4 Capitalization Shares for every existing 10 Shares by way of Capitalization of Reserve, representing a total increase of 152,645,116 Shares comprising 128,360,380 New A Shares and 24,284,736 New H Shares based on the Company's total share capital of 381,612,792 Shares comprising 320,900,952 A Shares and 60,711,840 H Shares as at the Latest Practicable Date, subject to any change of number of Shares until the record date for determining Shareholders' entitlement to the Capitalization of Reserve. The final number of shares is based on the shares registered on the registration date for dividend distribution which will be clarified in the announcement on the implementation of dividend distribution.

The Board also proposed that a cash dividend of RMB0.36 (inclusive of tax) per Share be distributed to the Shareholders, representing an aggregate amount of RMB137,380,605.12 based on the total number of issued Shares as of the Latest Practicable Date. The cash dividend will be denominated and declared in RMB, and paid in RMB and in HK dollars to A Shareholders and H Shareholders respectively. The actual amount distributed in HK dollars will be calculated based on the average of the middle exchange rate of RMB against HK dollars published on the website of the People's Bank of China for the seven working days prior to and including the date of the Annual General Meeting and the H Share Class Meeting. Information regarding the finalized exchange rate and actual amount of cash dividend payable to H Shareholders will be announced by the Company in the poll results announcement on Friday, June 24, 2022 (after trading hours).

The Capitalization of Reserve is subject to the following conditions:

- (i) approval of the Shareholders by way of special resolutions at the Annual General Meeting, and the Class Meetings to be held on Friday, June 24, 2022;
- (ii) the Hong Kong Stock Exchange granting the listing of, and permission to deal in, the New H Shares issued under the Capitalization of Reserve; and
- (iii) compliance with the relevant legal procedures and requirements under the Company Law of the PRC to effect the Capitalization of Reserve.

Subject to the arrangements under the Northbound Trading or Southbound Trading (as defined below) as disclosed in details below, the 2021 Profit Distribution will be declared according to the Articles of Association.

LETTER FROM THE BOARD

The independent non-executive Directors have expressed their view that the 2021 Profit Distribution Plan of the Company was determined with full consideration of the appeal of medium and small investors and the protection of their interests besides the interests of the Company and its Shareholders. The Profit Distribution Plan is in compliance with the relevant laws, regulations and the Articles of Association of the Company, and is beneficial to the sustainable, stable and healthy development of the Company.

The formulation and implementation of the cash dividend policy by the Company are in compliance with the stipulation of the Articles of Association and the requirements stated in the resolutions approved at the general meeting of the Company. The basis and proportion of profit distribution are clearly specified. Effective determination and approval procedures and mechanisms are in place. The said distribution has been examined and approved by the independent non-executive Directors. Legitimate rights and interests of minority Shareholders are well protected since they are entitled to attend general meetings to exercise their voting rights and make proposals or enquiries on the operations of the Company.

Status of Capitalization Shares

The Capitalization Shares will, subject to the Articles of Association, rank *pari passu* in all respects with the Shares in issue on the date of the issue of the Capitalization Shares. Holders of the Capitalization Shares will be entitled to receive all future dividends and distributions (if any) which are declared, made or paid after the date on which the Capitalization Shares are allotted and issued. The Capitalization of Reserve should not result in any change to the rights of the Shares. For the avoidance of doubt, the holder of the Capitalization Shares will not be entitled to the cash dividend under the proposed 2021 Profit Distribution Plan.

Fractional Capitalization Shares

No fractional Capitalization Shares shall be allotted to H Shareholders and fractional entitlements (if any) will be aggregated and sold for the benefit of the Company.

For A Shareholders, in accordance with requirements under the Guideline to the Business of Security Issuers published by the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (《中國證券登記結算有限責任公司上海分公司證券發行人業務指南》), in the event of registration of fractional shares, China Securities Depository and Clearing Corporation Limited (the “CSDC”) requires that: the fractional shares less than one share arising from the issue of bonus shares or the issue of shares by capitalization of capital reserves are sorted in descending order by the number of fractional shares held by shareholders; if the numbers of fractional shares are same, they shall be sorted randomly by electronic settlement system. In accordance with the order of arrangement, the CSDC shall register them as one share one by one until completing all the issue of bonus shares or the issue of shares by capitalization of capital reserves. Accordingly, no fractional Capitalization Shares shall be allotted to A Shareholders under the Capitalization Issue.

LETTER FROM THE BOARD

Odd Lot Arrangement

In order to facilitate the trading of odd lots (if any) of the H Shares as a result of the Capitalization of Reserve, the Company has appointed Futu Securities International (Hong Kong) Limited as an agent to provide matching service, on a best effort basis, to those H Shareholders who wish to acquire odd lots of the H Shares to make up a full board lot, or to dispose of their holding of odd lots of the H Shares during the period from 9:00 a.m. on Wednesday, August 24, 2022 to 4:00 p.m. on Wednesday, September 14, 2022, both days inclusive, based on the expected timetable. H Shareholders who wish to take advantage of this service should, directly or through their brokers contact Mr. Lo of Futu Securities International (Hong Kong) Limited at Unit C1-C2, 13/F, United Centre, 95 Queensway, Admiralty, Hong Kong during office hours (i.e. 9:00 a.m. to 6:00 p.m.) of the aforesaid period. H Shareholders should note that successful matching of the sale and purchase of odd lots of the H Shares is not guaranteed. H Shareholders who are in doubt about this service are recommended to consult their professional advisors.

Overseas H Shareholders

As at the Latest Practicable Date, according to the latest register of members available to the Company, none of the H Shareholders as recorded on the register of members of the Company had an address which is outside Hong Kong.

Upon the Capitalization Issue becoming unconditional or should there be any overseas Shareholders on the Record Date, the Company will make enquiry on whether there are any overseas Shareholders located in other jurisdictions, and if there are such overseas Shareholders, then the Company will make enquiry regarding the legal restrictions (if any) under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges for the relevant overseas Shareholders to be eligible to take part in the Capitalization Issue pursuant to the Listing Rules. Upon such enquiry, if the Board is of the view that the exclusion of the overseas Shareholders is necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Capitalization Shares will not be issued to those overseas Shareholders. If any such overseas Shareholder is excluded, arrangements will be made for the Capitalization Shares which would otherwise have been issued to the overseas Shareholders to be sold in the market as soon as practicable after dealings commence, if a premium, net of expenses, can be obtained. Any net proceeds of such sale for each overseas Shareholder, after deduction of expenses, of HK\$100 or more will be distributed in HK dollars to the relevant overseas Shareholders, by post at his/her/its own risk, unless the amount falling to be distributed to any such person is less than HK\$100 in which case it will be retained for the benefit of the Company.

LETTER FROM THE BOARD

Accordingly, overseas Shareholders receiving a copy of this circular about the Capitalization Issue may not be treated the same as an invitation to participate in the Capitalization Issue unless invitation could lawfully be made to him/her/it without requiring the Company or such overseas Shareholders to comply with any registration or other legal requirements in the relevant territory. Furthermore, any Shareholder with a registered address outside Hong Kong or otherwise residing outside Hong Kong should consult his/her/its professional advisers as to whether he/she/it is permitted to receive the Capitalization Shares under the Capitalization Issue and the taxation consequences of his/her/its decision. It is the responsibility of the Shareholders who wish to receive the Capitalization Shares under the Capitalization Issue to comply with the laws of the relevant jurisdiction(s).

Effect to the Shareholding upon Completion of the Capitalization of Reserve

As disclosed in the announcement of the Company dated March 29, 2021 in relation to the proposed partial repurchase and cancellation of the restricted A Shares of the Company (“**Restricted A Shares**”) under the 2018 Stock Option and Restricted Share Incentive Scheme (the “**2018 Incentive Scheme**”), the Company would repurchase and cancel 25,518 Restricted A Shares from four participants who have resigned from the Company and four participants who have not satisfied performance appraisal targets at individual level.

As disclosed in the announcement of the Company dated August 30, 2021 in relation to the proposed partial repurchase and cancellation of the Restricted A Shares under the 2018 Incentive Scheme and the 2019 Stock Option and Restricted Share Incentive Scheme (the “**2019 Incentive Scheme**”), the Company would repurchase and cancel (i) 35,274 additional Restricted A Shares under the 2018 Incentive Scheme from eight participants who have resigned due to personal reasons or have not satisfied performance appraisal targets at individual level; and (ii) 25,214 Restricted A Shares under the 2019 Incentive Scheme from six participants who have resigned due to personal reasons or have not satisfied performance appraisal targets at individual level.

As at the Latest Practicable Date, the Company has not completed the repurchase and cancellation of the above Restricted A Shares. If such repurchase and cancellation is completed before the completion of the Capitalization of Reserve, no Capitalization Share will be issued in respect of the Repurchased Restricted A Shares.

LETTER FROM THE BOARD

Set out below is the shareholding structure of the Company as at the Latest Practicable Date:

	As at the Latest Practicable Date		Immediately upon completion of the Capitalization of Reserve	
	Number of Shares	Approximate percentage of total issued Shares	Number of Shares	Approximate percentage of total issued Shares
H Shares	60,711,840	15.91%	84,996,576	15.91%
A Shares	<u>320,900,952</u>	<u>84.09%</u>	<u>449,261,332</u>	<u>84.09%</u>
Total	<u>381,612,792</u>	<u>100.00%</u>	<u>534,257,908</u>	<u>100.00%</u>

Tax Arrangements in respect of the Capitalization of Reserve and the Profit Distribution

In accordance with the Regulation on the Implementation of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法實施條例》) which came into effect on January 1, 2008 and was last amended on April 23, 2019 and the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) which was last amended and came into effect on December 29, 2018, and the "Notice on Issues in Relation to the Withholding of Enterprise Income Tax on Dividends Paid by PRC Enterprises to Overseas Non-resident Enterprise Holders of H Shares" (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(《國稅函[2008]897號)) promulgated on November 6, 2008, the Company is obliged to withhold and pay PRC enterprise income tax on behalf of non-resident enterprise Shareholders at a tax rate of 10%, when the Company distributes annual dividend to non-resident enterprise Shareholders whose names appear on the H Shares register of members. As such, any H Shares registered in the name of non-individual Shareholder, including shares registered in the name of HKSCC Nominees Limited, and other nominees, trustees, or other organizations and groups, shall be deemed to be H Shares held by non-resident enterprise Shareholder(s), and the PRC enterprise income tax shall be withheld from any dividends payable thereon. Non-resident enterprise Shareholders may wish to apply for a tax refund (if any) in accordance with the relevant requirements, such as tax agreements (arrangements), upon receipt of any dividends.

LETTER FROM THE BOARD

In accordance with the “Notice on Certain Issues Concerning the Policies of Individual Income Tax” (Cai Shui Zi [1994] No. 020) (《關於個人所得稅若干政策問題的通知》(財稅字[1994]020號)) promulgated by the PRC Ministry of Finance and the State Administration of Taxation on May 13, 1994, overseas individuals are, as an interim measure, exempted from the PRC individual income tax for dividends or bonuses received from foreign-invested enterprises. Therefore, the Company will not be required to withhold and pay any individual income tax on behalf of overseas individual Shareholders when the Company distributes the dividend to overseas individual Shareholders whose names appear on the H Share register of members. The Company will not be liable for any claim arising from any delay in, or inaccurate determination of the status of the Shareholders or any disputes over the mechanism of withholding.

Profit Distribution to Investors of Southbound Trading

For investors of the SZSE (including enterprises and individuals) investing in the H Shares of the Company listed on the Hong Kong Stock Exchange (“**Southbound Trading**”), the cash dividends for the investors of H Shares of Southbound Trading will be paid in RMB. The record date and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H Shares of the Company. Below are relevant taxation policies:

- Shenzhen-Hong Kong Stock Connect: Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (Caishui [2016] No. 127) (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2016]127號)》), for dividends received by domestic individual investors from investing in H Shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the company of such H Shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in Shares listed on the Hong Kong Stock Exchange through Shenzhen-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H Shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

According to the relevant provisions of the State Administration of Taxation of the PRC, the Capitalization of Reserve shall not be subject to any tax nor any withholding tax.

Shareholders are suggested to consult their tax consultants regarding the tax impacts in China, Hong Kong and other countries (regions) for holding and selling the Company’s Shares.

LETTER FROM THE BOARD

Eligibility for Capitalization Shares of Shareholders trading through Southbound Trading

As at the Latest Practicable Date, the H Shares are eligible for Southbound Trading and the A Shares are eligible for northbound trading. Subject to compliance with the relevant laws or regulations in the PRC, the New H Shares will be allotted to the H Shareholders in the PRC who are holding the H Shares through the Southbound Trading and New A Shares will be allotted to the A Shareholders in Hong Kong who are holding the A Shares through Northbound Trading.

Application for Listing

Application will be made by the Company to the Listing Committee for the approval for the listing of, and permission to deal in, the New H Shares. The New A Shares will be listed on the SSE. Subject to the satisfaction of the conditions as set out in this circular (including but not limited to the granting of the aforesaid listing approval by the Hong Kong Stock Exchange), the New H Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS. All necessary arrangements will be made by the Company for the New H Shares to be admitted into CCASS. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Aside from the Hong Kong Stock Exchange, the New H Shares will not be listed at or dealt in any other stock exchanges, and the Company is not currently seeking for or proposing to seek for the listing at or dealing in any other stock exchanges for the New H Shares.

Subject to the Capitalization of Reserve becoming unconditional, the certificates for the New H Shares and the cheques for the Profit Distribution will be despatched by ordinary post to the H Shareholders who are entitled thereto at their own risk. In case of joint shareholding, the certificates for the New H Shares and the cheques for the Profit Distribution will be posted to the first named person on the H Shareholder's register in respect of such joint shareholding. All Capitalization Shares are non-renounceable. The New H Shares are expected to commence dealing on the Hong Kong Stock Exchange no later than Wednesday, August 24, 2022.

Closure of Register of Members

For the purpose of determining the list of H Shareholders who are entitled to the Profit Distribution and the Capitalization Shares, the register of members of the Company will be closed from Monday, August 1, 2022 to Wednesday, August 3, 2022 (both days inclusive), during which period no transfer of Shares will be registered. H Share Shareholders whose names appear on the H Share register of members of the Company on Wednesday, August 3, 2022 are entitled to the Profit Distribution and the Capitalization Shares. In order to be entitled to receive the Profit Distribution and the new H Shares issued under the Capitalization Issue, all share certificates, together with the instruments of transfers, must be lodged for registration with the H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, July 29, 2022.

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Statement to be made on acquisition of Shares

The Company shall ensure that all its listing document(s) and share certificates include the statements stipulated below and shall instruct and cause its share registrars not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such Shares bearing statements to the following effect:

- (i) the acquirer of Shares agrees with the Company and each of its Shareholders, and the Company agrees with each Shareholder, to observe and comply with the Company Law of the PRC, the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies and the Articles of Association;
- (ii) the acquirer of Shares agrees with the Company, each of its Shareholders, Directors, Supervisors, managers and officers, and the Company acting for itself and for each Director, Supervisor, manager and officer agrees with each Shareholder, to refer all differences and claims arising from the Articles of Association or any rights or obligations conferred or imposed by the Company Law of the PRC or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct its hearing in open session and to publish its award. Such arbitration will be final and conclusive;
- (iii) the acquirer of Shares agrees with the Company and its Shareholders that the Shares are freely transferable by the holder of such Shares; and
- (iv) the acquirer of Shares authorizes the Company to enter into a contract on his behalf with each Director and officer whereby such Directors and officers undertake to observe and comply with their obligations to Shareholders stipulated in the Articles of Association.

LETTER FROM THE BOARD

Risk Warning for trading of H Shares

H Share Shareholders should note that H Shares are expected to be traded on ex-entitlement basis commencing from Thursday, July 28, 2022. The Capitalization Issue will not be carried out until satisfaction of the conditions for the Capitalization Issue as set out in this circular, while the Profit Distribution will be subject to the approval of Shareholders at the Annual General Meeting and the Class Meetings. Any person who deals in H Shares on ex-entitlement basis prior to the satisfaction of the conditions and obtaining of the approval will be subject to the risk that the relevant proposal may not become unconditional or fail to proceed. Shareholders or potential investors shall seek professional advice from their own professional consultants should they have any doubt on their situations.

Reasons for the Capitalization of Reserve and the Profit Distribution

Based on the positive expectations on the future development of the Company, and with reference to the operating results and the overall financial status of the Company, the Board proposed the Capitalization of Reserve and the Profit Distribution so as to share the fruitful result of the Company's business performance with the Shareholders.

In addition, to encourage the Shareholders to continue to support the Company's future development, the Board believes that the Capitalization of Reserve will allow the Shareholders to enjoy a pro-rata increase in the number of Shares held by them in the Company without incurring any significant costs to them. Although the Capitalization of Reserve is not expected to increase the Shareholders' proportionate equity interests in the Company, the Capitalization of Reserve will increase the number of Shares to be held by the Shareholders, which will afford the Shareholders with more flexibility in managing their own investment portfolios such as giving them more convenience in disposing of a portion of the Shares for cash return. The Capitalization of Reserve will also result in the increase of number of Shares in issue, and the number of Shares held by H Shareholders, which will motivate the trading of Shares by the H Shareholders, and thus will enhance the trading activities and liquidity of the Shares in the market.

7. PROPOSED RE-APPOINTMENT OF THE AUDITOR FOR THE FINANCIAL REPORT AND THE INTERNAL CONTROL AUDITOR FOR 2022

An ordinary resolution will be proposed at the Annual General Meeting to consider and approve the re-appointment of KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合伙)) as PRC financial report and internal control report auditors of the Company for 2022, and the appointment of KPMG (畢馬威會計師事務所) as international financial report auditors of the Company for 2022. The remuneration for the PRC and international auditors for 2022 shall be RMB2.7 million.

It is also proposed at the Annual General Meeting that the Board be authorized to exercise discretion for the implementation of the aforesaid remuneration packages for auditors.

LETTER FROM THE BOARD

8. PROPOSED REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

In accordance with the relevant provisions of the Company Law, the Articles of Association and other regulations, based on the remuneration level of the Company's industry, the annual operating performance and performance appraisal results of the Company, and combined with the actual situation of the Company and the working hours and quantity of independent Directors, the remuneration of Directors and senior management for 2022 is as follows:

Name	Position	Proposed remuneration from the Company for 2022
Ms. Feng Yuxia ⁽¹⁾	Chairperson, Executive Director	RMB650,000 plus US\$150,000
Mr. Zuo Conglin ⁽¹⁾	Vice Chairman, Executive Director	RMB650,000
Dr. Yao Dalin ⁽¹⁾	Executive Director, Vice General Manager	RMB350,000 plus US\$120,000
Ms. Sun Yunxia ⁽¹⁾	Executive Director, Vice General Manager	RMB600,000
Mr. Gao Dapeng ⁽¹⁾	General Manager, Executive Director, Secretary to the Board	RMB600,000
Mr. Gu Jingliang ⁽¹⁾	Vice General Manager	RMB600,000
Ms. Yu Aishui ⁽¹⁾	Financial Director	RMB550,000
Mr. Gu Xiaolei ⁽²⁾⁽⁴⁾	Non-Executive Director	Nil
Mr. Sun Mingcheng ⁽³⁾⁽⁴⁾	Independent Non-Executive Director	RMB150,000
Dr. Zhai Yonggong ⁽³⁾⁽⁴⁾	Independent Non-Executive Director	RMB150,000
Mr. Ou Xiaojie ⁽³⁾⁽⁴⁾	Independent Non-Executive Director	RMB150,000
Mr. Zhang Fan ⁽³⁾⁽⁴⁾	Independent Non-Executive Director	HK\$180,000

Note 1: Ms. Feng Yuxia, Mr. Zuo Conglin, Dr. Yao Dalin, Mr. Sun Yunxia, Mr. Gao Dapeng, Mr. Gu Jingliang and Ms. Yu Aishui may be entitled to additional performance-based remuneration, which will be paid based on their respective performance during 2022.

Note 2: Mr. Gu Xiaolei is appointed by shareholders and is not entitled to remuneration in the Company.

Note 3: Ms. Sun Mingcheng, Dr. Zhai Yonggong, Mr. Ou Xiaojie, and Mr. Zhang Fan do not hold actual positions in the Company. Remuneration is given in the form of allowances.

Note 4: Non-executive directors and independent non-executive directors of the Company are not entitled to any additional performance-based remuneration.

An ordinary resolution will be proposed at the Annual General Meeting for Shareholders to consider and approve the above remuneration of Directors and senior management.

LETTER FROM THE BOARD

9. PROPOSED REMUNERATION OF SUPERVISORS

In accordance with the relevant provisions of the Company Law, the Articles of Association and other regulations, based on the remuneration level of the Company's industry, the annual operating performance and performance appraisal results of the Company, and combined with the actual situation of the Company and the working hours and quantity of independent Directors, the Supervisors' remuneration for 2022 is as follows:

Name	Position	Proposed remuneration from the Company for 2022
Ms. Li Ye	Chairperson	RMB400,000
Mr. Sun Huiye	Employee Supervisor	RMB440,000
Ms. Yin Lili	Non-employee Supervisor	RMB400,000

The Supervisory Committee has considered and approved the above-mentioned remuneration and the related Supervisors have abstained from voting on the relevant resolution concerning their remuneration.

The above remuneration was considered and approved by the Board and an ordinary resolution will be proposed at the Annual General Meeting for consideration and approval by the Shareholders.

10. PROPOSED CHANGE OF THE REGISTERED CAPITAL OF THE COMPANY

Reference is made to the announcement of the Company dated March 30, 2022, in relation to, among others, the proposed change of the registered capital of the Company. By reason of factors including (i) the capitalization of reserve which formed part of the profit distribution plan of the Company for the year ended December 31, 2020; and (ii) the implementation of various share incentive schemes of the Company, pursuant to the relevant requirements of the Company Law and the Articles of Association, the registered capital of the Company and the total number of shares of the Company shall be changed as a result of the aforesaid matters. After the issuance, the total number of shares of the Company increased from 270,820,329 shares to 381,246,492 shares and the registered capital increased from RMB270,820,329 to RMB381,246,492. As a result of the changes of the registered capital of the Company above, the Board proposed to change the registered capital of the Company from RMB270,820,329 (divided into 270,820,329 shares) to RMB381,246,492 (divided into 381,246,492 shares).

The proposed change of the registered capital of the Company is subject to approval of the special resolution by the Shareholders at the Annual General Meeting, A share class meeting and H share class meeting of the Company.

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11. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated March 30, 2022, in relation to, among others, the proposed amendments to the Articles of Association. In view of the changes of the registered capital of the Company and the updates on the interpretation of applicable laws and regulations by relevant regulatory authorities, and for the purpose of improving the corporate governance of the Company, the Board proposed to make the following amendments to the relevant provisions of the Articles of Association:

Original Articles	Amended Articles
<p>Article 6 The registered capital of the Company is RMB270,820,329.</p>	<p>Article 6 The registered capital of the Company is RMB270,820,329RMB381,246,492.</p>
<p>Article 22 After establishment, the Company issued for the first time 20,500,000 domestic shares to domestic investors and other qualified investors upon approval of the CSRC. After the abovementioned issuance, the total number of shares of the Company is 81,800,000, all being Renminbi ordinary shares.</p> <p>The Company issued 43,365,600 H Shares to foreign investors in 2021 for the first time upon approval of the CSRC. After the abovementioned issuance, the total number of shares of the Company is 270,820,329, all being ordinary shares.</p> <p>The shareholding of the Company is, 270,820,329 ordinary shares, including 227,454,729 shares held by shareholders of domestically listed domestic shares, accounting for approximately 83.99% of the total share capital of the Company; 43,365,600 shares held by shareholders of H Shares, accounting for approximately 16.01% of the total share capital of the Company.</p>	<p>Article 22 After establishment, the Company issued for the first time 20,500,000 domestic shares to domestic investors and other qualified investors upon approval of the CSRC. After the abovementioned issuance, the total number of shares of the Company is 81,800,000, all being Renminbi ordinary shares.</p> <p>The Company issued 43,365,600 H Shares to foreign investors in 2021 for the first time upon approval of the CSRC. After the abovementioned issuance, the total number of shares of the Company is 270,820,329, all being ordinary shares.</p> <p>The shareholding of the Company is: 270,820,329381,246,492 ordinary shares, including 227,454,729320,534,652 shares held by shareholders of domestically listed domestic shares, accounting for approximately 83.99%84.08% of the total share capital of the Company; 43,365,60060,711,840 shares held by shareholders of H Shares, accounting for approximately 16.01%15.92% of the total share capital of the Company.</p>
<p>Article 66</p> <p>.....</p> <p>(XVII) Review and approve matters concerning the use of raised funds;</p> <p>.....</p>	<p>Article 66</p> <p>.....</p> <p>(XVII) Review and approve matters concerning the use of raised funds of A Shares;</p> <p>.....</p>

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Save for the proposed amendments, other provisions of the Articles of Association shall remain unchanged. The proposed amendments to the Articles of Association are prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version, the Chinese version shall prevail.

The legal advisers to the Company as to Hong Kong laws and the PRC laws have respectively confirmed that the proposed amendments comply with the applicable requirements of the Listing Rules and are not inconsistent with the laws of the PRC. The Company also confirms that there is nothing unusual in the proposed amendments from the perspective of a PRC company listed on the Hong Kong Stock Exchange.

The proposed amendments to the Articles of Association are subject to the approval of the special resolution by the Shareholders at the Annual General Meeting. The Board has resolved to propose a resolution at the Annual General Meeting to authorise the Board to delegate the management of the Company to handle the approval and filing procedures with relevant regulatory authorities involved in such amendments, and to make adjustments to the wordings of such amendments to the Articles of Association according to opinions of the regulatory authorities.

12. PROPOSED PURCHASE OF WEALTH MANAGEMENT PRODUCTS WITH INTERNAL IDLE FUND

In order to improve the efficiency of internal idle fund, increase investment income and reduce financial cost of the Company, on the premise that the Company's daily funds for normal operation and development needs will not be affected, the Board proposes to use its internal idle fund to purchase wealth management products, the details of which are as follows:

I. Size of investment

The daily balance cap of the unmaturing wealth management products shall not be more than RMB1.0 billion (or equivalent amount in foreign currency) on a rolling basis.

II. Investment targets

The investment targets shall be financial instruments with high yield, great security, good liquidity and low risks, including but not limited to wealth management products, entrusted products, reverse repurchase of national debt and such other low-risks wealth management targets and products which may be approved by the Company pursuant to its internal regulations and procedures.

III. Validity Term

The proposed authorization shall be effective from the date of the passing of this resolution at the AGM until December 31, 2022.

The internal idle fund to be used for the proposed purchase of wealth management products does not involve use of proceeds from the Global Offering.

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As the purchase of wealth management products with internal idle fund will be deemed as a transaction under the Chapter 14 and Chapter 14A of the Listing Rules, where applicable, the Company will comply with relevant rules and requirements under the Chapter 14 and Chapter 14A of the Listing Rules when purchasing wealth management products.

The proposed purchase of wealth management products was considered and approved by the Board and an ordinary resolution will be proposed at the Annual General Meeting for consideration and approval by the Shareholders.

13. PROPOSED AMENDMENTS TO THE MANAGEMENT SYSTEM FOR THE FUNDS RAISED

In view of the actual business development needs of the Company and the proposed amendments to the Articles of Association, the Board proposed to make amendments in the Management System for the Funds Raised, an internal regulation of the Company. The full text of the amended Management System for the Funds Raised is set out in Appendix IV to this circular. The English translation is for reference only. If there are discrepancies between the Chinese and English texts, the Chinese version shall prevail.

The proposed amendments to the Management System for the Funds Raised were considered and approved by the Board and an ordinary resolution will be proposed at the Annual General Meeting for consideration and approval by the Shareholders.

14. PROPOSED ADOPTION OF THE SHARE INCENTIVE SCHEME (H SHARES) AND PROPOSED AUTHORISATION TO THE BOARD TO DEAL WITH MATTERS IN RELATION TO THE SHARE INCENTIVE SCHEME

Proposed Adoption of the Share Incentive Scheme (H Shares)

Reference is made to the Company's announcement dated April 28, 2022 in relation to, among others, the proposed adoption of the Share Incentive Scheme. Special resolutions will be proposed at the AGM to consider and approve the proposed adoption of the Share Incentive Scheme.

The principal terms of the Share Incentive Scheme are set out below:

I. Purposes of the Share Incentive Scheme

The purposes of the Share Incentive Scheme are:

- (i) to attract and retain the core management team, to fully mobilize the enthusiasm of employees, and to promote sustainable business development;
- (ii) to align the interests of the employees and the Shareholders, and to strengthen the concept and corporate culture of the sustainable development of the Company and individuals; and

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- (iii) to promote the further improvement of the Company's business performance and to jointly achieve the Company's strategic objectives.

II. Duration of the Share Incentive Scheme

Subject to any early termination of the Share Incentive Scheme pursuant to the Share Incentive Scheme Rules, the Share Incentive Scheme shall be valid and effective for the Award Period (after which no further Awards will be granted), and thereafter for so long as there are any non-vested Award Shares granted hereunder prior to the expiration of the Share Incentive Scheme, in order to give effect to the vesting of such Award Shares.

III. Source of Award Shares and Acquisition of H Shares by the Trustee

The source of the Award Shares under the Share Incentive Scheme shall be H Shares to be acquired by the Trustee. The Trustee may accept Shares transferred, gifted, assigned, or conveyed to the Trust from any party designated by the Company from time to time in such number as such party designated by the Company may at their sole discretion determine, which shall constitute part of the trust fund.

The Company shall as soon as reasonably practicable and no later than 30 Business Days from the Grant Date, for the purposes of satisfying the grant of future Awards, transfer to the Trust the necessary funds and instruct the Trustee to acquire H Shares through on-market transactions at the prevailing market price for H Shares or through other channels as the Company deems appropriate. The Trustee shall as soon as reasonably practicable thereafter proceed to acquire such number of H Shares as instructed by the Company on-market at the prevailing market price.

Subject to the Share Incentive Scheme Rules, the Company shall instruct the Trustee whether or not to apply any Returned Shares to satisfy any grant of Awards made, and if the Returned Shares, as specified by the Company, are not sufficient to satisfy the Awards granted, the Company shall, as soon as reasonably practicable and no later than 30 Business Days, for purposes of satisfying the Awards granted, transfer to the Trust the necessary funds and instruct the Trustee to acquire further H Shares through on-market transactions at the prevailing market price.

IV. Source of the Funds

The Share Incentive Scheme will be funded by the internal funds of the Company and will not be funded by proceeds from the Global Offering.

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V. Administration of the Share Incentive Scheme

The Board has the power to administer the Share Incentive Scheme in accordance with the Share Incentive Scheme Rules and, where applicable, the Trust Deed, including the power to construe and interpret the Share Incentive Scheme Rules and the terms of the Awards granted under the Share Incentive Scheme. The Board may delegate the authority to administer the Share Incentive Scheme to a committee of the Board or other person(s) as deemed appropriate at the sole discretion of the Board.

The Board or its delegate(s) may also appoint one or more independent third party contractors to assist in the administration of the Share Incentive Scheme as they think fit.

VI. Scope of Eligible Persons and Selected Participants of the Share Incentive Scheme

Scope of Eligible Persons the Share Incentive Scheme

The scope of Eligible Persons shall include any full-time employee (including Director, Supervisor, senior management, mid-level management, basic-level management, core technical personnel and other technical personnel) of any members of the Group, whether within PRC or not, excluding the following:

- (i) any Eligible Person who has resigned or is within a notice period for cessation of employment pursuant to his/her employment agreement with any member of the Group; and
- (ii) any Eligible Person who is resident in a place where the Award and/or the vesting of the Award Shares and/or the transfer of the Actual Award Price is not permitted under the laws or regulations of such place or where in the view of the Board or the Trustee (as the case may be), compliance with applicable laws or regulations in such place makes it necessary or expedient to exclude such Eligible Person.

Selected Participants of the Share Incentive Scheme

No one should be considered as a Selected Participant of the Share Incentive Scheme if he:

- (i) in any circumstances where the requisite approval from any applicable regulatory authorities has not been granted;

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- (ii) in any circumstances that any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Share Incentive Scheme, unless the Board determines otherwise;
- (iii) where such Award would result in a breach by any member of the Group or its directors of any applicable securities laws, rules or regulations in any jurisdiction; or
- (iv) where such grant of Award would result in a breach of the Scheme Limit or the minimum public float requirement as required under the Listing Rules;

and any such grant so made shall be null and void to the extent (and only to the extent) that it falls within the circumstances above.

VII. Scheme Limit of the Share Incentive Scheme

The maximum size of the Share Incentive Scheme shall be the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price with funds in the amount of not more than RMB600 million (the “**Scheme Limit**”).

The Company shall not make any further grant of Award which will result in the aggregate number of H Shares underlying all grants made pursuant to the Share Incentive Scheme (excluding Award Shares that have been lapsed, cancelled, forfeited in accordance with the Share Incentive Scheme) to exceed the Scheme Limit without Shareholders’ approval.

VIII. Grant of Awards

The Board or the committee of the Board or person(s) to which the Board has delegated its authority may, from time to time, at their absolute discretion, grant an Award to a Selected Participant (in the case of the Board’s delegate(s), to any Selected Participant other than a Director or an officer of the Company) by way of an Award Letter. The Award Letter will specify the Grant Date, the number of Award Shares underlying the Award, the vesting criteria and conditions, the Vesting Date and such other details as the Board or its delegate(s) may consider necessary.

The Board and its delegate(s) may not grant any Award Shares to any Selected Participant in any of the following circumstances:

- (i) where any requisite approval from any applicable regulatory authorities has not been granted;

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- (ii) where any member of the Group will be required under applicable securities laws, rules or regulations to issue a prospectus or other offer documents in respect of such Award or the Share Incentive Scheme, unless the Board determines otherwise;
- (iii) where such Award would result in a breach by any member of the Group or its Directors of any applicable securities laws, rules or regulations in any jurisdiction; and
- (iv) where such grant of Award would result in a breach of the Scheme Limit (as defined below) or the minimum public float requirement as required under the Listing Rules.

In addition, no Awards shall be made to Selected Participants and no directions or recommendation shall be given to the Trustee with respect to a grant of an Award or acquisition of H Shares through on-market or off-market transactions under the Share Incentive Scheme:

- (i) where any Director is in possession of unpublished inside information in relation to the Company or where dealings by Directors are prohibited under any code or requirement of the Listing Rules and all applicable laws, rules or regulations;
- (ii) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results, unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met, in accordance with the Listing Rules;
- (iii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and the half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results, unless the circumstances are exceptional, for example, where a pressing financial commitment has to be met, in accordance with the Listing Rules; and
- (iv) during any period of delay in the publication of a results announcement.

IX. Rights Attached to the Award

No Selected Participant shall enjoy any of the rights attached to the Award Shares as a Shareholder by virtue of the grant of an Award pursuant to the Share Incentive Scheme, and that Selected Participants shall only have a contingent interest in the Actual Award Price and the related income, subject to the vesting of the Award and Related Income (if any), unless the Board determines otherwise.

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X. Assignment of the Awards

Unless express written consent is obtained from the Board or the committee of the Board or person(s) to which the Board has delegated its authorities, any Award granted under the Share Incentive Scheme but not yet vested are personal to the Selected Participants to whom they are granted and cannot be assigned or transferred. A Selected Participant shall not in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over or in relation to any Award, or enter into any agreement to do so.

XI. Vesting of the Awards

The Board or the person(s) to which the Board delegated its authority may determine the vesting criteria and conditions or periods for the Awards to be vested.

(A) Vesting Conditions

Vesting of the Award granted under the Share Incentive Scheme is subject to the conditions of the performance indicators of the Company and any other applicable vesting conditions as set out in the Award Letter.

The details of the performance indicators of the Company (if any) shall be determined by the Board or the person(s) to which the Board delegated its authority from time to time with reference to the business performance and financial condition of the Company and the then market conditions and shall be set out in the Award Letter. If the Selected Participant fails to fulfil the vesting conditions applicable to the relevant Awards, all the Award Shares underlying the relevant Awards which may otherwise be vested shall not be vested and become immediately forfeited with respect to such Selected Participant.

The vesting conditions in general comprise, among others, individual performance condition and Company performance condition. In general, the Company performance condition will be linked to the share price of the H Shares, and that the Company performance condition will only be considered fulfilled upon the share price of the H Shares reaching a specified target share price. Unless otherwise determined by the Board, the actual number of Award Shares which are to be vested for a particular Award is to be determined based on the formula below:

$$V = G \times U\% \times I\% \times C\%$$

V = the number of Award Shares which are to be vested

G = the number of Award Shares granted to the Selected Participant

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U% = the % of Award Shares which are to be unlocked pursuant to the Award

I% = the % which corresponds to the extent of satisfaction of the individual performance condition

C% = the % which corresponds to the extent of satisfaction of the Company performance condition

XII. Lapse of the Award, Cessation of Employment and Other Events

Any granted Award shall lapse and be automatically cancelled and not vested to the Selected Participant on the earliest of:

- (i) seven (7) business days after the date of the commencement of the mandatory winding-up of the Company;
- (ii) seven (7) business days after the date on which the proposed compromise or arrangement between the Company and its Shareholders or creditors in connection with a scheme for the reconstruction or amalgamation of the Company (other than any relocation schemes as contemplated under Rule 7.14(3) of the Listing Rules) becomes effective;
- (iii) the date on which the Selected Participant ceases to be an Eligible Person (as determined by the Board or its delegate(s)) on or prior to the relevant Vesting Date;
- (iv) the date on which the Selected Participant commits a breach of any terms or conditions (if any) attached to the grant of the Award, unless otherwise resolved to the contrary by the Board or its delegate(s);
- (v) the date on which the corresponding Award Shares are considered as not vested due to non-fulfilment of vesting conditions; or
- (vi) the date on which there is an actual or purported breach of the Share Incentive Scheme Rules (with respect to the transferability of the Award Shares) by the Selected Participant as determined by the Board or such other person(s) delegated this function by the Board.

Except as otherwise determined by the Board or the committee of the Board or person(s) to which the Board has delegated its authority, upon termination of employment or service with any member of the Group during the applicable restriction period, Awards that are at that time unvested shall be forfeited or repurchased in accordance with the terms and provisions of the Award Letter and/or award agreement to be entered into by such Selected Participant; provided, however, that the Board or the committee of the Board or person(s) to which the Board has delegated its authority may (a) provide in any Award Letter and/or

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award agreement that restrictions or forfeiture and repurchase conditions relating to the Awards will be waived in whole or in part in the event of terminations resulting from specified causes; and (b) in other cases waive in whole or in part restrictions or forfeiture and repurchase conditions relating to the Awards.

The Company is entitled to clawback any Actual Award Price paid to the bad leaver for the Awards granted and vested to him/her in case such bad leaver is dismissed due to the breach of laws or internal regulations of the Company or joins a competitor or forming a competing business after leaving the Company.

XIII. Alternation or Termination of the Share Incentive Scheme

(A) *Alternation of the Share Incentive Scheme*

Any alteration of the Share Incentive Scheme and the terms of the Share Incentive Scheme Rules, together with any alteration and refreshment of the Scheme Limit, shall be approved by the Board.

No alteration shall operate to affect adversely any subsisting rights of any Selected Participant unless otherwise provided for in these Share Incentive Scheme Rules, except:

- (i) with the consent in writing of Selected Participants amounting to three-fourths in nominal value of all Award Shares held by the Trustee on that date; or
- (ii) with the sanction of a special resolution that is passed at a meeting of the Selected Participants amounting to three-fourths in nominal value of all Award Shares held by the Trustee on that date.

(B) *Termination of the Share Incentive Scheme*

The Share Incentive Scheme shall terminate on the earlier of:

- (i) the end of the period of ten years commencing on the Adoption Date except in respect of any non-vested Award Shares granted hereunder prior to the expiration of the Share Incentive Scheme, for the purpose of giving effect to the vesting of such Award Shares or otherwise as may be required in accordance with the provisions of the Share Incentive Scheme; and
- (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant under the rules of the Share Incentive Scheme, provided further that for the avoidance of doubt, the change in the subsisting rights of a Selected Participant in this paragraph refers solely to any change in the rights in respect of the Award Shares already granted to a Selected Participant.

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XIV. Sale of the Award Shares

For the purpose of vesting of the Award, the Board or its delegate will direct and procure the Trustee to sell, on-market at the prevailing market price, the number of Award Shares so vested in respect of the Selected Participant and pay the Selected Participant the proceeds in cash arising from such sale based on the Actual Award Price and Related Income, if any, as set out in the grant notice.

In accordance with the Share Incentive Scheme Rules, barring any unforeseen circumstances, within a reasonable time period as agreed between the Trustee and the Board from time to time prior to any Vesting Date, the Board or its delegate shall send to the relevant Selected Participant a vesting notice. The Board or its delegate(s) shall forward a copy of the vesting notice to the Trustee and instruct the Trustee the extent to which the Award Shares held in the Trust shall be sold as soon as practicable from the Vesting Date.

Subject to the receipt of the vesting notice and the instructions from the Board or its delegate(s), the Trustee shall sell the relevant Award Shares within any time and pay the Actual Award Price to the Selected Participant within a reasonable time period (in both cases with the Related Income, if any), in satisfaction of the Award.

XV. Interest in the Award Shares

Neither the Selected Participant nor the Trustee may exercise any voting rights attached to any H Shares held by the Trustee under the Trust (including any Award Shares that have not yet vested). A Selected Participant shall have no right to any dividend of the Award Shares that is granted to him or her and that has not vested or any of the Returned Shares or any dividend of the Returned Shares, all of which shall be retained by the Trustee for the benefit of the Share Incentive Scheme, unless the Board, the committee of the Board or any person(s) to which the Board has delegated its authority determines otherwise in their sole and absolute discretion.

XVI. Occurrence of Certain Events Pertaining to the Company

(A) *Change in control*

If there is an event of change in control of the Company by way of a merger, a privatisation of the Company by way of a scheme or by way of an offer, the Board or the committee of the Board or person(s) to which the Board has delegated its authority shall at their sole discretion determine whether the Vesting Dates of any Awards will be accelerated. If the Vesting Dates of any unvested Awards are accelerated, the procedures as set out in the section headed "14. Proposed Adoption of the Share Incentive Scheme — XIV. Sale of the Award Shares" above shall apply except that the vesting notice will be sent to such Selected Participant based on the proposed Vesting Date as soon as

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practicable once the proposed Vesting Date is known. The Trustee shall transfer the Related Income (if any) and pay the Actual Award Price in cash to the Selected Participant in accordance with the vesting notice.

Pursuant to the Share Incentive Scheme Rules, neither the Selected Participant nor the Trustee may exercise any voting rights attached to any H Shares held by the Trustee under the Trust (including any Award Shares that have not yet vested). As such, neither the Selected Participant nor the Trustee has a right to accept or decline any offer in connection with a privatization of the Company in related to unvested Award Shares.

(B) Open Offer and Rights Issue

In the event the Company undertakes an open offer of new securities, the Trustee shall not subscribe for any new H Shares. In the event of a rights issue, the Trustee shall seek instruction from the Company on the steps or actions to be taken in relation to the nil-paid rights allotted to it.

(C) Consolidation or Sub-division of Shares

In the event the Company undertakes a capitalization issue, rights issue, subdivision or reduction of the H Shares, corresponding changes will be made to the number of outstanding Award Shares that have been granted provided that the adjustments shall be made in such manner as the Board determines to be fair and reasonable in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Share Incentive Scheme for the Selected Participants. All fractional shares (if any) arising out of such consolidation or sub-division in respect of the Award Shares of a Selected Participant shall be deemed as Returned Shares and shall not be transferred to the relevant Selected Participant on the relevant Vesting Date.

XVII. REASONS FOR AND BENEFITS OF THE ADOPTION OF SHARE INCENTIVE SCHEME

Please refer to the section headed “14. Proposed Adoption of the Share Incentive Scheme — I. Purposes of the Share Incentive Scheme” in this circular. The Directors are of the view that the adoption of the Share Incentive Scheme will realize the aforesaid goals, and that the terms and conditions of the Share Incentive Scheme are normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

XVIII. APPOINTMENT OF TRUSTEE

The Company will enter into the Trust Deed with Futu Trustee Limited and appoint it as the initial Trustee under the Scheme. To the best knowledge, information and belief of the Board after making all reasonable enquiries, Futu

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Trustee Limited is a professional trustee engaged by the Company for the Share Incentive Scheme. Futu Trustee Limited and its ultimate beneficial owners are independent third parties and not connected with the Company or any of its connected persons.

The Trustee will not become a connected person of the Company under Rules 14A.07 of the Listing Rules. Even though the Share Incentive Scheme would enable the Trustee to hold up to 10% of the issued share capital of the Company upon trust for the benefit of Selected Participants before vesting of the Awards, the Trustee would not become a “substantial shareholder” of the Company (as defined in Chapter 1 of the Listing Rules) because the Trustee is not entitled to exercise or control the exercise of the voting rights in respect of any Shares held by it under the Trust Deed. As such, the Trustee will not have 10% or more of the voting power at any general meeting of the Company.

Further, Rule 14A.12(1)(b) of the Listing Rules exempts trustee for trust which is an employees’ share scheme or occupational pension scheme established for a wide scope of participants and the connected persons’ aggregate interests in the scheme are less than 30%. Currently, none of the connected persons, whether individually or collectively, has 30% or more interest in the Share Incentive Scheme. The Trustee will not hold more than 30% of the total Shares in issue of the Company in aggregate at any time after adoption of the Scheme.

On the basis that (i) the Share Incentive Scheme is an employees’ share scheme established for a wide scope of participants; and (ii) the maximum number of Shares underlying all grants made pursuant to the Share Incentive Scheme that can be awarded by the Board under the Share Incentive Scheme is expected not to exceed 10% of the total issued share capital of the Company from time to time, and the connected persons’ aggregate interests in the Share Incentive Scheme, whether individually or collectively, would be less than 30%, the Trustee is not an associate of connected person. As such, the Trustee will not become a connected person of the Company.

XIX. IMPLICATIONS UNDER THE LISTING RULES

The Share Incentive Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company. No new Shares are to be issued or allotted under the Share Incentive Scheme by the Company, and accordingly, the grant of Awards to the Selected Participants will not result in any dilution effect on the shareholdings of existing Shareholders. As of the Latest Practicable Date, the Company has no detailed plan on granting any Awards to any identified Selected Participants.

Pursuant to Article 66 (XVIII) of the Articles of Association, equity incentive plans of the Company are subject to Shareholders’ approval at general meeting. As such, Shareholders’ approval will be sought at the Annual General Meeting to approve, among other things, (i) the proposed adoption of the Share Incentive Scheme; and (ii) the authorisation to the Board to implement the Share Incentive Scheme as well as to approve grants of Awards under the Share Incentive Scheme to the Selected Participants from time to time.

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Where any grant of Award is proposed to be made to any Selected Participant who is a Director (including an independent non-executive Director), Supervisor, or senior management of the Group, such grant must first be approved by all the members of the Remuneration and Evaluation Committee, or in the case where the grant is proposed to be made to any member of the Remuneration and Evaluation Committee, by all of the other members of the Remuneration and Evaluation Committee. Notwithstanding the foregoing, any grant of an Award to a Director which is satisfied by on-market purchase of existing issued Shares will be exempted from reporting, announcement and independent Shareholders' approval requirements pursuant to Rules 14A.73(6) and 14A.95 of the Listing Rules if the Award forms part of the relevant Director's remuneration under his/her service contract with the Company. Grant of Awards to be satisfied by existing issued Shares to other connected persons of the Company, on the other hand, will be subject to the size tests requirement under Chapter 14A of the Listing Rules, and the Company will comply with the relevant requirements based on the percentage ratios of the relevant size tests.

The Shares held by the Trustee will not be regarded as being "in public hands" when the Trustee becomes a close associate (within the meaning of Rule 1.01 of the Listing Rules) of the Directors by reason of holding Restricted Shares on trust for the Directors and therefore the Trustee will become a core connected person for the purpose of Rule 8.24 of the Listing Rules. The Company will ensure compliance with the public float requirement under the Listing Rules.

Assuming (i) the Trustee holds the maximum number of H Shares that could be held by it under the Share Incentive Scheme (on the basis of the average closing price of the H Shares for the five business days immediately preceding the Latest Practicable Date and the exchange rate of HK\$1 to RMB0.8633 as announced by the People's Bank of China on the Latest Practicable Date, it is estimated that such maximum number would be 12,870,509 H Shares); and (ii) all the Shares to be held by the Trustee in relation to the Share Incentive Scheme are not regarded as being "in public hands", the public float of the Company will still meet the minimum public float level as required under the Listing Rules.

The Directors are of the view that the adoption of the Share Incentive Scheme will realize the aforesaid goals of the Share Incentive Scheme, and that the terms and conditions of the Share Incentive Scheme are normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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Proposed Authorisation to the Board to Deal with Matters in relation to the Share Incentive Scheme

- I. In order to ensure the successful implementation of the Share Incentive Scheme, a special resolution will be proposed at the Annual General Meeting that the Shareholders also grant an authorization to the Board and/or its delegatee to deal with matters in relation to the Share Incentive Scheme with full authority, including but not limited to:
- (1) to authorize the Board to consider, appoint and establish a committee for the purpose of the Share Incentive Scheme;
 - (2) to authorize any Director to enter into the Trust Deed on behalf of the Company with the Trustee and to affix the Company seal onto such Trust Deed, pursuant to which the Trustee will provide trust services for the Share Incentive Scheme;
 - (3) to authorize the Board and the committee to be established to handle matters pertaining to the Share Incentive Scheme with full authority during the validity period of the Share Incentive Scheme, including but not limited to:
 - (i) to construe and interpret the Share Incentive Scheme Rules and the terms of the Awards granted under the Scheme;
 - (ii) to make or vary such arrangements, guidelines, procedures and/or regulations for the administration, interpretation, implementation and operation of the Share Incentive Scheme, provided that they are not inconsistent with the Share Incentive Scheme Rules;
 - (iii) to decide how the vesting of the Award Shares will be settled;
 - (iv) to grant Awards to those Eligible Persons whom it shall select from time to time;
 - (v) to determine the terms and conditions of the Awards;
 - (vi) to determine and administer performance targets in respect of the Share Incentive Scheme;
 - (vii) to approve the form of an Award Letter;

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- (viii) to instruct the Trustee to apply any Returned Trust Funds to satisfy any fees payable to the Trustee; and
 - (ix) to take such other steps or actions to give effect to the terms and intent of the Share Incentive Scheme Rules; and
 - (4) to authorize the Board to consider and approve the service agreement and to authorize any member of the committee to enter into the plan management agreement with the Trustee on behalf of the Company, pursuant to which the Trustee will provide plan management services in respect of the Share Incentive Scheme.
- II. It will be proposed at the Annual General Meeting to authorize the Board to deal with the procedures for approval, registration, filing, verification and apply for consent with the relevant governments and authorities in relation to the Share Incentive Scheme; to sign, execute, amend and complete the documents submitted to the relevant governments, authorities, organizations and individuals; to amend the Articles of Association and to deal with the registration of changes in the registered capital of the Company; and to carry out all such acts as it deems necessary, expedient or appropriate in relation to the Share Incentive Scheme.
- III. It will be proposed at the Annual General Meeting to authorize the Board to appoint financial advisers, receiving banks, accountants, lawyers, securities companies as well as other agents for the purpose of implementation of the Share Incentive Scheme.
- IV. It will be proposed at the Annual General Meeting to authorize the Board to deal with any announcement and circular required to be disclosed on the website of the SSE (www.sse.com.cn) or that of Hong Kong Stock Exchange (<https://www.hkexnews.hk>), and to deal with any compliance issue from the SSE or the Hong Kong Stock Exchange in relation to the Share Incentive Scheme.
- V. It will be proposed at the Annual General Meeting that the authorization period to the Board shall be consistent with the validity period of the Share Incentive Scheme.

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15. PROPOSED CHANGE IN USE OF NET PROCEEDS

References are made to (i) the announcement of the Company dated April 28, 2022; (ii) the Yinmore Announcement; (iii) the Weimei Announcement; (iv) the Prospectus; and (v) the Company's 2021 Annual Report.

Proposed Change in Use of Net Proceeds

The Net Proceeds from the Global Offering 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). As at December 31, 2021 and March 31, 2022, a total of approximately RMB174.2 million and RMB291.0 million of the Net Proceeds had been used respectively. For details of the use of Net Proceeds as at December 31, 2021, please refer to the Company's 2021 Annual Report. Such proceeds were used for the purposes as stated in the Prospectus.

Having considered (i) the reasons for and benefits of the Transactions as set out in the Yinmore Announcement and the Weimei Announcement; and (ii) the reasons as stated in the paragraphs below under "Reasons for the Proposed Reallocation" in this circular, in order to better utilize the financial resources of the Group and to capture favourable investment opportunities, the Board has reviewed the utilization plan of the Net Proceeds and resolved to re-allocate part of the Net Proceeds amounting to approximately RMB788 million from the Global Offering to "funding 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", which comprise, among others, the Transactions.

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The following table sets out the details of the use of the Net Proceeds as at March 31, 2022 and the intended use of the Net Proceeds after the Proposed Re-allocation:

Use of Proceeds	Approximate percentage of the total amount	Original allocation of the Proceeds (RMB million)	Amount of net proceeds utilised as at March 31, 2022 (RMB million)	Amount yet to be utilised as at March 31, 2022 (RMB million)	Balance of the unutilized net proceeds after proposed re-allocation (RMB million)	Expected timeframe for utilizing the remaining unutilized net proceeds after proposed reallocation
(A) Expand the capacity of our Suzhou facilities for non-clinical Studies	16.0%	845.6	57.6	788.0	0.0	
(i) renovating our existing laboratory and research model facilities in Suzhou	7.9%	417.5	16.0	401.5	0.0	N/A
(ii) constructing the infrastructure of our new facilities in Suzhou	1.7%	89.8	36.7	53.1	0.0	N/A
(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	5.0	285.7	0.0	N/A
(iv) upgrading our technical and scientific research capabilities with international background at our Suzhou facilities	0.9%	47.6		47.6	0.0	N/A
(B) Strengthen our U.S. operations to cater to the rising customer demand for services provided by Biomere*	10.0%	528.5	-	528.5	528.5	
(i) upgrading our existing facilities and service team in northern California	7.6%	401.7		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	126.8	1 to 2 years from Listing
(C) Further expand our facility network and service capabilities in China*	39.0%	2,061.3	67.3	1,994.0	1,994.0	
(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	53.2	845.3	845.3	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	9.3	889.2	889.2	by the end of 2023
(iii) enhancing our technical and scientific research capabilities at our Guangzhou and Chongqing facilities	2.6%	134.7	4.9	132.5	132.5	3 to 5 years from Listing
(iv) developing cutting-edge laboratory and research model technologies	2.4%	126.9	-	126.9	126.9	3 to 5 years from Listing

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Use of Proceeds	Approximate percentage of the total amount	Original allocation of the Proceeds (RMB million)	Amount of net proceeds utilised as at March 31, 2022 (RMB million)	Amount yet to be utilised as at March 31, 2022 (RMB million)	Balance of the unutilized net proceeds after proposed re-allocation (RMB million)	Expected timeframe for utilizing the remaining unutilized net proceeds after proposed reallocation
(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	12.9	251.4	251.4	
(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	2.9	28.8	28.8	1 to 3 years from Listing
(ii) investing in business development efforts for our growing clinical trial business	0.4%	21.2	-	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	10.0	201.4	201.4	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	86.7	970.3	1,758.3	1 to 3 years from Listing
(F) Working capital and general corporate purposes*	10.0%	528.5	291.0	237.5	237.5	

* No change is involved for use of Net Proceeds for such purposes.

Reasons for the Proposed Reallocation

The RMB788 million under the Proposed Reallocation was initially for the use of expanding the capacity of the Group's Suzhou facilities for non-clinical studies, among which (i) approximately RMB401.5 million was initially reserved for the purposes of renovating the Group's pre-existing laboratory and research model facilities in Suzhou with a GFA of approximately 11,000 sq.m. (the "**Pre-existing Suzhou Facilities**"), including improvement to the existing layout and procurement of cutting-edge equipment and laboratory technologies to support the Group's non-clinical studies facilities; (ii) approximately RMB53.1 million was initially reserved for the purposes of constructing the infrastructure of the Group's new

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facilities in Suzhou with a GFA of approximately 20,000 sq.m. (the “**New Suzhou Facilities**”) to be used for hosting our research model inventory and breeding facilities, and as laboratories for the Group’s non-clinical studies; (iii) approximately RMB285.7 million was initially reserved for procurement of cutting-edge equipment (including rearing cages and equipment, detection and analytical equipment for our nonclinical studies and telemetry systems) and laboratory technologies, as well as investment in the research and development of novel, customized research models, for the New Suzhou Facilities; and (iv) approximately RMB47.6 million was initially reserved for upgrading our technical and scientific research.

Renovation of the Group’s Pre-existing Suzhou Facilities

Initially, the renovation work of the Group’s Pre-existing Suzhou Facilities comprises, among others, an improvement of the facilities layout. Subsequently, having taken into account of a wide range of factors, including (i) the extent of the expected improvement to the capacity of the facilities as a result of the modification of the facilities layout; (ii) the additional costs for renovation work should the facilities layout be modified; (iii) the demand for the Group’s services and capabilities in the next few years; and (iv) the expected capacity of the Group’s other facilities (including but not limited to various new facilities) in the next few years, the Board, upon careful consideration, was of the view that a renovation without any modification of the facilities layout would be more appropriate in view of the Group’s circumstances. Therefore, the renovation costs actually expended by the Group for the said renovation work were significantly less than expected.

The renovation work of the Group’s Pre-existing Suzhou Facilities commenced in the end of 2020. A majority of the capital commitment for the said renovation work arose in the first half of 2021. The H Shares of the Company were only listed on the Hong Kong Stock Exchange in late February 2021, and that subsequent to the Company’s receipt of the Net Proceeds, it took some additional time for the Company to transfer and settle the Net Proceeds into its bank accounts in the PRC. Due to the time constraint, the Group made use of its then existing internal resources and working capital (instead of Net Proceeds allocated for such propose) to satisfy certain of its payment obligations for the said renovation work.

The said renovation work had been duly completed by the end of 2021, though the final payment is expected to be settled in 2022. The renovated facilities have already been in use. Since a sum of RMB401.5 million of the Net Proceeds initially allocated for the said renovation work remained unutilized and given that the Company’s future need of capital in this regard is expected to be insignificant, the Board is of the view that it is in the interests of the Group to reallocate such Net Proceeds for other purposes.

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Construction of the infrastructure of the New Suzhou Facilities

The construction work of the infrastructure of the New Suzhou Facilities also commenced in early 2021. A majority of the capital commitment for the said renovation work arose in the first half of 2021. For reasons as more particularly set out in the above paragraph under the heading “Renovation of the Group’s existing laboratory and research model facilities in Suzhou”, the Group made use of its then existing internal resources and working capital (instead of Net Proceeds allocated for such propose) to satisfy certain of its payment obligations for the said construction work due to the time constraint.

The main construction of the New Suzhou Facilities has already been completed, while the closeout of the construction project is expected to be completed in 2022. Since a sum of RMB53.1 million of the Net Proceeds initially allocated for the construction work remained unutilized and given that the Company’s future need of capital in this regard is expected to be insignificant, the Board is of the view that it is in the interests of the Group to reallocate such Net Proceeds for other purposes.

Procurement of cutting-edge equipment and laboratory technologies and investment in the research and development of novel, customized research models; and upgrading our technical and scientific research capabilities with international background at Suzhou facilities

The procurement of cutting-edge equipment and laboratory technologies and investment in the research and development of novel, customized research models was for the New Suzhou Facilities. As mentioned above, the main construction of the New Suzhou Facilities has already been completed, while the closeout of the construction project is expected to be completed in 2022.

The said procurement of equipment and technologies and investment in research models is not a one-off transaction. Instead, it is going to be conducted in phases based on the capabilities of the New Suzhou Facilities, so that the newly constructed New Suzhou Facilities could be made use of in a timely manner and that the Group’s capacity could be enhanced progressively. The Net Proceeds initially allocated for the purposes of procurement of equipment and technologies and investment in research models were scheduled to be fully utilized within 1 to 3 years from the listing of the H Shares on the Hong Kong Stock Exchange (i.e. 2022 to 2024). In other words, the needs for funding for this purpose are gradual and continuous, which are to be contrasted with the imminent and one-off nature of the capital needs for the Transactions.

A sum of RMB47.6 million was allocated for the purposes of upgrading our technical and scientific research capabilities with international background at our Suzhou facilities (including both the Pre-existing Suzhou Facilities and the New Suzhou Facilities) through hiring approximately 240 experienced scientific, technical and regulatory professionals who hold at least a junior college degree in the relevant fields, with their background particularly focused on research areas

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such as immunology, cell biology, toxicology, pathology, pharmacology and veterinary medicine. Similar to the aforesaid procurement of equipment and technologies and investment in research models, the recruitment of professionals are to be conducted in phases based on the capabilities of the Pre-existing Suzhou Facilities and the New Suzhou Facilities. In addition, it may take some time for the Group to identify and recruit capable candidates with backgrounds which suit the Group's needs. As disclosed in the Prospectus, the Net Proceeds initially allocated for such purpose were scheduled to be fully utilized within 3 to 5 years from the listing of the H Shares on the Hong Kong Stock Exchange (i.e. 2024 to 2026). Therefore, the Board considers that the Group's needs for funding for this purpose are far less imminent than that for the Transactions.

In addition, JOINN Laboratories (Suzhou), the Company's wholly-owned subsidiary which operates the New Suzhou Facilities, has maintained a strong liquidity position. As at December 31, 2021, JOINN Laboratories (Suzhou) had an amount of approximately RMB275 million of cash and cash equivalent. Further, as at December 31, 2021, JOINN Laboratories (Suzhou) had orders in hand amounted to RMB1.9 billion. The Board is of the view that, after the Proposed Reallocation, JOINN Laboratories (Suzhou) would still have sufficient financial resources to conduct the said procurement of equipment and technologies, investment in research models and recruitment of professionals.

In view of the above, balancing the urgency of capital needs for different purposes, the Board takes the view that the reallocation of the Net Proceeds from the said purposes to funding potential acquisitions would be a more efficient and better way to utilize the financial resources of the Group and would allow the Group to capture favourable investment opportunities, and that such reallocation is in line with the interests of the Company as well as the Shareholders. Despite the above change in use of the proceeds, the Board believes that the Group's development direction is still in line with that disclosed in the Prospectus. The above-mentioned change in use of the unutilised net proceeds is in the interests of the Group and its shareholders as a whole, and it will not have any material adverse effect on the existing business and operations of the Group.

Reasons for and benefits of the Transactions

Both Weimei Bio-Tech and Yinmore Bio-Tech are suppliers of the Company and principally engaged in the breeding and sales of laboratory experiment models. As such, the Board believes that the acquisition of Weimei Bio-Tech and Yinmore Bio-Tech can enable the Group to meet its needs as a result of further expansion in business scale, and enhance the Group's CRO service capabilities. Further, the Transactions can create synergies with the business of the Group through upstream vertical integration, reduce the risk and any negative impact which may be brought experiment models supply disruption and achieve better cost control in light of the increase in the upward price trend of the laboratory experiment models.

The Board is of the view that the acquisition of Weimei Bio-Tech and Yinmore Bio-Tech will contribute positively to the Group by bringing in additional source of income and increase the profitability of the Group.

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For further details of the reasons for and benefits of the Transactions, please refer to the Weimei Announcement and the Yinmore Announcement.

The Proposed Reallocation has been considered and approved in the Board meeting held on April 28, 2022. An ordinary resolution will be proposed at the Annual General Meeting for Shareholders to consider and approve the Proposed Reallocation.

16. PROPOSED GRANT OF GENERAL MANDATE IN RELATION TO REPURCHASE OF A SHARES AND H SHARES

In order to meet the needs of the Company's business development, special resolution will be proposed at the Annual General Meeting, the A Share Class Meeting and the H Share Class Meeting to consider and approve the proposed grant of A Share Repurchase Mandate and the H Share Repurchase Mandate, particulars of which are set out as follows and in the notices of the AGM and the H Share Class Meeting of this circular.

Pursuant to the A Share Repurchase Mandate and the H Share Repurchase Mandate, the aggregate number of A Shares and the aggregate number of H Shares to be repurchased by the Company during the Relevant Period (as defined below), shall not exceed 10% of the total number of A Shares in issue and 10% of the total number of H Shares in issue, respectively, as at the date on which the resolutions in relation to the grant of the A Share Repurchase Mandate and grant of the H Share Repurchase Mandate were respectively considered and approved at the AGM, the A Share Class Meeting and the H Share Class Meeting.

For the purpose of the A Share Repurchase Mandate and the H Share Repurchase Mandate, "Relevant Period" means the period from the date of passing of the special resolution(s) in respect of the grant of the A Share Repurchase Mandate and/or the grant of the H Share Repurchase Mandate, respectively, at the AGM, the A Share Class Meeting and the H Share Class Meeting until whichever is the earliest of: (i) the conclusion of the 2022 annual general meeting of the Company; (ii) twelve months upon the special resolution(s) in respect of the grant of the A Share Repurchase Mandate and/or the H Share Repurchase Mandate being considered and approved at the AGM, the A Share Class Meeting and the H Share Class Meeting; or (iii) the date on which the A Share Repurchase Mandate and/or the H Share Repurchase set out in the relevant special resolution(s) is revoked or varied by way of a special resolution at any general meeting, class meeting of the A Shareholders and class meeting of the H Shareholders.

The repurchase pursuant to the A Share Repurchase Mandate and/or the H Share Repurchase Mandate is conditional upon satisfaction of each of the following conditions: (a) the special resolution regarding the grant of the repurchase mandate having been approved at the AGM and the Class Meetings; (b) the Company having obtained the approval from regulatory authorities as may be stipulated under the PRC laws, rules and

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regulations; and (c) the Company not being required by any of its creditors to repay or to provide guarantee in respect of any amount due to any of them (or if the Company is so required by any of its creditors, the Company having, in its absolute discretion, repaid or provided guarantee in respect of such amount) pursuant to the notification procedure under Companies Law and the Articles of Association. In the event that the Company determines to repay any amount to its creditors in the circumstances described in item (c) above, the Company is expected to repurchase Shares with its internal resources.

The proposed grant of the A Share Repurchase Mandate and the H Share Repurchase Mandate respectively is merely an authorisation by the Shareholders' meetings to the Board to handle matters relevant to the repurchase of the Shares. Subject to consideration and approval at the AGM and the Class Meetings, the Company will determine whether it will proceed with the repurchase and make specific repurchase plans, as and when appropriate. An explanatory statement containing information regarding the proposed grant of the A Share Repurchase Mandate and the H Share Repurchase Mandate is set out in Appendix V to this circular.

17. ANNUAL GENERAL MEETING AND CLASS MEETINGS

The notices of the Annual General Meeting and the H Share Class Meeting are set out on pages 75 to 77 of this circular.

The proxy forms for the Annual General Meeting and the H Share Class Meeting are also enclosed herein and published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.joinnlabs.com). Shareholders who intend to appoint proxy/proxies to attend and vote at the Annual General Meeting and H Share Class Meeting on his behalf shall complete, sign and return the proxy forms in accordance with the instructions printed thereon.

For H Shareholders, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, not less than 24 hours before the time for holding the Annual General Meeting or H Share Class Meeting in order for such documents to be valid. For A Shareholders, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the headquarters of the Company in the PRC at A5 Rongjing East Street, Beijing Economic-Technological Development Area, Beijing not less than 24 hours before the time for holding the Annual General Meeting or A Share Class Meeting in order for such documents to be valid.

Pursuant to the Articles of Association, for the purpose of holding the Annual General Meeting or H Share Class Meeting, the register of members of H Shares will be closed from Tuesday, June 21, 2022 to Friday, June 24, 2022 (both days inclusive), during this period no transfer of H Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting and the H Share Class Meeting, non-registered

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holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, June 20, 2022. The Shareholders whose names appear on the register of members of the Company on Friday, June 24, 2022 are entitled to attend and vote at the Annual General Meeting and the H Share Class Meeting. For information about A Shareholders' attendance at the Annual General Meeting or A Share Class Meeting, please see the A Share announcement published by the Company on the website of the SSE.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll except where the chairperson, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Therefore, the resolutions proposed at the Annual General Meeting and the H Share Class Meeting will be voted by poll.

18. RECOMMENDATION

The Directors consider that all resolutions set out in the notice of Annual General Meeting and notices of Class Meetings for consideration and approval by Shareholders are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of all resolutions to be proposed at the Annual General Meeting and the Class Meetings.

19. RESPONSIBILITY STATEMENT

This circular for which the Directors collectively and individually accept full responsibility, provides information in relation to the Company in compliance with the Listing Rules. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
For and on behalf of the Board
JOINN Laboratories (China) Co., Ltd.
Feng Yuxia
Chairperson

WORK REPORT OF THE BOARD OF DIRECTORS FOR 2021

In 2021, the Board of Directors of JOINN Laboratories (China) Co., Ltd. (the “Company”) diligently performed its duties delegated by the general meeting in strict compliance with relevant laws and regulations and normative documents such as the Company Law, the Securities Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Articles of Association as well as the requirements under the Company’s systems, and actively promoted the business development of the Company by operating in compliance with regulations and by scientific decision making. The work of the Board of Directors in 2021 is hereby reported as follows.

I. MAJOR OPERATING CONDITIONS DURING THE REPORTING PERIOD

During the reporting period, the Company achieved an operating income of approximately RMB1.516 billion, representing an increase of 40.97% as compared to 2020. The net profit attributable to the Shareholders of the listed company amounted to RMB550 million, representing an increase of 76.96% as compared to 2020. Basic earnings per Share amounted to RMB1.51, representing an increase of 51% as compared to 2020.

II. WORK OF THE BOARD DURING THE REPORTING PERIOD**(1) Board meetings during the reporting period**

During the reporting period, the Board has convened 7 meetings:

1. On January 19, 2021, the 24th meeting of the third session of the Board was convened, during which the Board considered and approved the closing of the Company’s fund-raising investment project and allocation of the surplus proceeds as supplementary working capital on a permanent basis, the purchase of wealth management products by internal idle funds, the change of the registered capital of the Company and amendments of its Articles of Association, the changes of the Company’s accounting policies and the convening of its first extraordinary general meeting of 2021;
2. On February 4, 2021, the 25th meeting of the third session of the Board was convened, during which the Board considered and approved the confirmation of the Company’s Global Offering of H shares (including the Hong Kong Public Offering and the International Offering) and listing on the Hong Kong Stock Exchange, the development of the corporate governance system applicable after the H shares issuance, the approval of connected transactions, and the proposal to convene the second extraordinary general meeting of 2021;

3. On March 29, 2021, the 26th meeting of the third session of the Board was convened, during which the Board considered and approved the full text of the 2020 Annual Report of the Company and its summary, the Work Report of the Board of Directors for 2020, the Final Financial Report for 2020, the Profit Distribution for 2020, the Internal Control Self-evaluation Report for 2020, the Internal Control Audit Report for 2020, the re-appointment of the auditor and internal control auditor of the Company for 2021, the Company and its subsidiaries apply for credit lines from banks, the Special Report on the Deposit and Use of Proceeds in 2020, the Remuneration Plan of Directors and Senior Management for 2021, the adjustments of the number of share options granted and exercise price under the 2018 Share Option and Restricted Share Incentive Scheme, the adjustments of the number of restricted shares granted and repurchase price under the 2018 Share Option and Restricted Share Incentive Scheme, the partial repurchase and cancellation of the restricted shares under the 2018 Share Option and Restricted Share Incentive Scheme, the partial cancellation of the share options under the 2018 Share Option and Restricted Share Incentive Scheme, the achievement of the conditions of the third exercise option/release of the exercise option of lock-up period/release of lock-up under the 2018 Share Option and Restricted Share Incentive Scheme and the convening of the Annual General Meeting of 2020;
4. On April 29, 2021, the 27th meeting of the third session of the Board was convened, during which the Board considered and approved the 2021 First Quarterly Report, the change of the registered capital of the Company, the amendments of the Articles of Association and the authorization for the Company to commence financial derivatives business;
5. On August 30, 2021, the 28th meeting of the third session of the Board was convened, during which the Board considered and approved the full text of the 2021 Interim Report of the Company and its summary, the adjustments of the number of the first grant of restricted shares and repurchase price under the 2019 Share Option and Restricted Share Incentive Scheme, the partial repurchase and cancellation of the restricted shares first granted under the 2019 Share Option and Restricted Share Incentive Scheme, the partial cancellation of the share options first granted under the 2019 Share Option and Restricted Share Incentive Scheme, the achievement of the conditions of the second exercise options under the first grant/release of the exercise option of lock-up period/release of lock-up under the 2019 Share Option and Restricted Share Incentive Scheme, the adjustments of the number of the share options and exercise price for the reserved portion of the 2019 Share Option and Restricted Share Incentive Scheme, the adjustment of the number of restricted shares and repurchase price for the reserved portion of the 2019 Share Option and Restricted Share Incentive Scheme,

the achievement of the conditions of the first exercise option/release of the exercise option of lock-up period/release of lock-up for the reserved portion of the 2019 Share Option and Restricted Share Incentive Scheme, the adjustments of the number of the share options and exercise price under the 2020 Share Option Incentive Scheme, the partial cancellation of the share options granted under the 2020 Share Option Incentive Scheme, the achievement of the exercise conditions of the first exercise period of the Company's 2020 Share Option Incentive Scheme, the partial repurchase and cancellation of the restricted shares under the 2018 Share Option and Restricted Share Incentive Scheme, the Company's capital increase in its wholly-owned domestic subsidiaries, the Company's investment in its wholly-owned subsidiary JOINN Laboratories CA Inc., the Company's investment in the establishment of Biomere-Joinn (CA), Inc. (昭衍(加州)新藥研究中心有限公司), the Company and its subsidiaries apply for credit lines from banks, the Company's external investments and connected transactions, the Company's investment and participation in Jiangsu Sinotau Molecular Imaging Science & Technology Co., Ltd. (江蘇先通分子影像科技有限公司), the Company's investment in the establishment of a controlling subsidiary Wuxi Joinn Molecular Imaging Science & Technology Co., Ltd. (無錫昭衍分子影像科技有限公司) and the proposal to convene the third extraordinary general meeting of 2021;

6. On September 21, 2021, the 29th meeting of the third session of the Board was convened, during which the Board considered and approved the 2021 Restricted A Share Incentive Scheme (Draft) and its summary, the Assessment Administrative Measures on the Implementation of the 2021 Restricted A Share Incentive Scheme of the Company, the proposal on requesting the general meeting of shareholders to authorize the Board to handle equity incentives-related matters, the 2021 A Share Employee Stock Ownership Plan (Draft) and its summary, the Administrative Measures on the 2021 A Share Employee Stock Ownership Plan, the proposal on requesting the general meeting of shareholders to authorize the Board to exercise full authority to handle matters related to the Employee Stock Ownership Plan, the repurchase of A shares of the Company by way of centralized bidding, the proposal on requesting the general meeting of shareholders to grant a general mandate to the Board to repurchase A and/or H shares of the Company, the proposal to convene the third extraordinary general meeting of 2021, the second A Share class meeting of the Company of 2021 and second H Share class meeting of the Company of 2021;
7. On October 29, 2021, the 30th meeting of the third session of the Board was convened, during which the Board considered and approved the 2021 Third Quarterly Report of the Company.

(2) Meetings of Professional Committees of the Board during the Reporting Period

During the Reporting Period, the Audit Committee of the Board has convened 4 meetings in total:

1. On March 29, 2021, the ninth meeting of the third session of the Audit Committee of the Board was convened, during which the Audit Committee considered and approved the financial report and audit report of the Company for 2020, the re-appointment of KPMG Huazhen LLP (畢馬威華振會計師事務所(特殊普通合夥)) as the auditor and internal control auditor for 2021 and the Internal Control Self-evaluation Report for 2020 and the Internal Control Audit Report for 2020;
2. On April 29, 2021, the tenth meeting of the third session of the Audit Committee of the Board was convened, during which the Audit Committee considered and approved the 2021 First Quarterly Report of the Company;
3. On August 30, 2021, the eleventh meeting of the third session of the Audit Committee of the Board was convened, during which the Audit Committee considered and approved the 2021 Interim Report of the Company, the Company's external investments and connected transactions;
4. On October 29, 2021, the twelfth meeting of the third session of the Audit Committee of the Board was convened, during which the Audit Committee considered and approved the 2021 Third Quarterly Report of the Company;

During the Reporting Period, the Remuneration and Evaluation Committee of the Board has convened 3 meetings in total:

1. On March 29, 2021, the seventh meeting of the third session of the Remuneration and Evaluation Committee of the Board was convened, during which the Remuneration and Evaluation Committee considered and approved the remuneration plan of directors and senior management of the Company for 2021 and the achievement of the conditions of the third exercise option/release of the exercise option of lock-up period/release of lock-up under the 2018 Share Option and Restricted Share Incentive Scheme;

2. On August 29, 2021, the eighth meeting of the third session of the Remuneration and Evaluation Committee of the Board was convened, during which the Remuneration and Evaluation Committee considered and approved the achievement of the conditions of the second exercise options under the first grant/release of the exercise option of lock-up period/release of lock-up under the 2019 Share Option and Restricted Share Incentive Scheme;
3. On September 21, 2021, the ninth meeting of the third session of the Remuneration and Evaluation Committee of the Board was convened, during which the Remuneration and Evaluation Committee considered and approved the 2021 Restricted A Share Incentive Scheme (Draft) and its summary, the Assessment Administrative Measures on the Implementation of the 2021 Restricted A Share Incentive Scheme of the Company, the 2021 A Share Employee Stock Ownership Plan (Draft) and its summary, the Administrative Measures on the 2021 A Share Employee Stock Ownership Plan.

During the Reporting Period, the Nomination Committee of the Board and the Strategy Committee of the Board did not convene any meeting.

III. PROSPECTS OF 2022

In 2022, the Board of the Company will continue to perform the duties and obligations of the Board diligently and carried out all work diligently and responsibly to promote the Company's continued healthy and stable development:

Focusing on the core business of non-clinical pharmaceutical pharmacology and toxicology assessment business, the Company will expand the scale of facilities and our team and actively increase the market share with.

Based on the existing business, further expand the business capabilities of the upstream and downstream of drug evaluation, including drug early screening, drug success evaluation drugs, cellular assay business, clinical CRO business, clinical testing business, etc., while improving the supply chain assurance capabilities.

Driven by market demands, the Company will actively develop new technologies and new methodologies to satisfy the demand for innovative medicines, and form new service advantages.

Strengthen strategic synergy and business synergy with Biomere, our U.S. subsidiary and participate in global competition actively, so as to further improve our international service capability.

JOINN LABORATORIES (CHINA) CO., LTD.

March 30, 2022

WORK REPORT OF THE SUPERVISORY COMMITTEE FOR 2021

I. CONVENING OF THE MEETINGS OF THE SUPERVISORY COMMITTEE

During the year, the Company held 6 meetings of the Supervisory Committee.

1. On January 19, 2021, the ninth meeting of the third session of the Supervisory Committee was convened, during which the Supervisory Committee considered and approved the closing of the Company's fund-raising investment project and allocation of the surplus proceeds as supplementary working capital on a permanent basis and the changes of the Company's accounting policies.
2. On March 29, 2021, the 17th meeting of the third session of the Supervisory Committee was convened, during which the Supervisory Committee considered and approved the full text of the 2020 Annual Report of the Company and its summary, the Work Report of the Supervisory Committee for 2020, the Final Financial Report for 2020, the Profit Distribution Proposal for 2020, the Internal Control Self-evaluation Report for 2020, the Internal Control Audit Report for 2020, the Remuneration Plans for Supervisors for 2021, the Specific Report on the Deposit and Use of Proceeds for 2020, the adjustments of the number of share options granted and exercise price under the 2018 Share Option and Restricted Share Incentive Scheme, the adjustments of the number of restricted shares granted and repurchase price under the 2018 Share Option and Restricted Share Incentive Scheme, the partial repurchase and cancellation of the restricted shares under the 2018 Share Option and Restricted Share Incentive Scheme, the partial cancellation of the share options under the 2018 Share Option and Restricted Share Incentive Scheme, the achievement of the conditions of the third exercise option/release of the exercise option of lock-up period/release of lock-up under the 2018 Share Option and Restricted Share Incentive Scheme, the re-appointment of the auditor and internal control auditor of the Company for 2021.
3. On April 29, 2021, the 18th meeting of the third session of the Supervisory Committee was convened, during which the Supervisory Committee considered and approved the 2021 First Quarterly Report and the authorization for the Company to commence financial derivatives business.

4. On August 30, 2021, the 19th meeting of the third session of the Supervisory Committee was convened, during which the Supervisory Committee considered and approved the full text of the 2021 Interim Report of the Company and its summary, the adjustments of the number of the first grant of restricted shares and repurchase price under the 2019 Share Option and Restricted Share Incentive Scheme, the partial repurchase and cancellation of the restricted shares first granted under the 2019 Share Option and Restricted Share Incentive Scheme, the partial cancellation of the share options first granted under the 2019 Share Option and Restricted Share Incentive Scheme, the achievement of the conditions of the second exercise options under the first grant/release of the exercise option of lock-up period/release of lock-up under the 2019 Share Option and Restricted Share Incentive Scheme, the adjustments of the number of the share options and exercise price for the reserved portion of the 2019 Share Option and Restricted Share Incentive Scheme, the adjustment of the number of restricted shares and repurchase price for the reserved portion of the 2019 Share Option and Restricted Share Incentive Scheme, the achievement of the conditions of the first exercise option/release of the exercise option of lock-up period/release of lock-up for the reserved portion of the 2019 Share Option and Restricted Share Incentive Scheme, the adjustments of the number of the share options and exercise price under the 2020 Share Option Incentive Scheme, the partial cancellation of the share options granted under the 2020 Share Option Incentive Scheme, the achievement of the exercise conditions of the first exercise period of the Company's 2020 Share Option Incentive Scheme, the partial repurchase and cancellation of the restricted shares under the 2018 Share Option and Restricted Share Incentive Scheme.
5. On September 21, 2021, the 20th meeting of the third session of the Supervisory Committee was convened, during which the Supervisory Committee considered and approved the 2021 Restricted A Share Incentive Scheme (Draft) and its summary, the Assessment Administrative Measures on the Implementation of the 2021 Restricted A Share Incentive Scheme of the Company, reviewed the list of Participants granted under the 2021 Restricted A Share Incentive Scheme of the Company, the 2021 A Share Employee Stock Ownership Plan (Draft) and its summary, the Administrative Measures on the 2021 A Share Employee Stock Ownership Plan, the proposal on requesting the general meeting of shareholders to grant a general mandate to the Board to repurchase A and/or H shares of the Company.
6. On October 29, 2021, the 21st meeting of the third session of the Supervisory Committee was convened, during which the Supervisory Committee considered and approved the 2021 Third Quarterly Report of the Company.

II. OPINIONS OF THE SUPERVISORY COMMITTEE ON SUPERVISED MATTERS OF THE COMPANY IN THE REPORTING PERIOD**1. Compliance of the Company's operations with legal requirements**

During the Reporting Period, pursuant to the laws and regulations of the PRC and the Articles of Association, the Supervisory Committee duly supervised the convening procedures and resolutions of general meetings of Shareholders and meetings of the Board, the Board's execution of resolutions approved at general meetings of shareholders, the performance of duties by the senior management of the Company. The Supervisory Committee was of the view that the Board and the senior management of the Company performed their duties with integrity and diligence, made decisions in a scientific approach, maintained sound production and operation. The Supervisory Committee was not aware of any action which would result in a breach of laws or regulations or the Articles of Association or would damage the interests of the Company and investors in the Company.

2. Financial position of the Company

During the Reporting Period, the Supervisory Committee further enhanced its internal control, especially the examination of the financial system. The Company has established a sound system on external investment, asset transfer and connected transactions, etc. In its operation, the Company observed the relevant laws and regulations of the PRC and the relevant provisions of the China Securities Regulatory Commission. On the control of the movement of funds and administrative expenses, the Company strictly controlled on each grade which ensured the normal operation of the Company and avoided financial risk.

The Supervisory Committee was of the view that the procedures adopted by the Board in preparing and considering the annual financial report of the Company are in compliance with the laws, administrative regulations and stipulations of the CSRC. The contents of the report gave a true, accurate and complete view of the actual situation of the listed company and do not contain false statements, misleading representations or material omissions.

3. Use of raised proceeds during the year

During the Reporting Period, the Company utilized and managed the proceeds in strict compliance with the requirements of the Management Measures for Proceeds by Companies Listed on the Shanghai Stock Exchange (2013 Revision) and the regulations for the management of proceeds of the Company without non-compliance in utilization of proceeds.

4. Material related party transactions

During the Reporting Period, the Company conducted connected transactions according to the principle of fairness and such transactions have been complying with laws and regulations. The Supervisory Committee was not aware of any action which would damage the interests of the Company and investors in the Company.

5. The Supervisory Committee has no disagreement on the matters supervised during the Reporting Period.

III. WORKING PLAN FOR 2022

In 2022, the Supervisory Committee responsibilities and rights will fully exercise its supervision and proposal according to the power and conferred by the Company Law and the Articles of Association, so as to effectively improve their ability to perform duties, ensure the compliance of the Company's operation with laws and regulations, such that the interests of the Company and Shareholders would not be prejudiced and the Company can continue to enjoy healthy development.

SUPERVISORY COMMITTEE
JOINN LABORATORIES (CHINA) CO., LTD.
March 30, 2022

FINAL ACCOUNT REPORT FOR 2021

FINALIZED FINANCIAL INFORMATION OF 2021

I. Scope of financial reporting and the accounting system implemented

1. Reporting scope: JOINN Laboratories (China) Co., Ltd.
2. The Company complies with the Accounting Standards for Business Enterprises and their application guidelines and adopts the calendar year as its fiscal year. The Group adopts the accrual basis as the basis of book-keeping, uses historical costs as its general measurement basis and the functional currency is RMB.

II. Overall operation condition during the reporting period

In 2021, the Company achieved an operating income of RMB1,516.6800 million, the net profit attributable to the parent was RMB557.4596 million and the net profit excluding the impact of non-recurring gains and losses was RMB529.1624 million.

1. Financial condition (before allocation)**(1) Total assets**

As at the end of 2021, the total assets of the Company amounted to RMB8,537.0771 million, representing an increase of RMB6,429.2555 million or 305.02% as compared to RMB2,107.8216 million at the beginning of the year.

Of which, current assets, fixed assets, intangible assets and other assets amounted to RMB5,814.4843 million, RMB493.1530 million, RMB137.1929 million and RMB2,092.2469 million (including certificates of deposit of RMB1,405.3232 million), representing 68.11%, 5.78%, 1.61% and 24.51% of the total assets, respectively.

(2) Total liabilities

As at the end of 2021, the total liabilities of the Company amounted to RMB1,392.6410 million, representing an increase of RMB508.9835 million or 57.60% as compared to RMB883.6575 million at the beginning of the year.

Of which, current liabilities and non-current liabilities amounted to RMB1,214.2420 million (Nil for short-term borrowings) and RMB178.3990 million, representing 87.19% and 12.81% of the total liabilities, respectively.

(3) *Shareholders' equity*

As at the end of 2021, shareholders' equity of the Company amounted to RMB7,144.4362 million, representing an increase of RMB5,920.2720 million or 483.62% as compared to RMB1,224.1642 million at the beginning of the year.

Of which, share capital, capital reserve, surplus reserve and undistributed profit amounted to RMB381.2465 million, RMB5,543.5704 million, RMB87.4292 million and RMB1,101.1597 million, representing 5.34%, 77.59%, 1.22% and 15.41% of the shareholders' equity, respectively.

(4) *Asset-liability ratio*

At the end of 2021, the asset-liability ratio was 16.31%, representing a decrease of 25.61 percentage points as compared to 41.92% at the beginning of the year.

(5) *The net increase of cash and cash equivalents for 2021 was RMB3,845.3524 million, of which:*

Cash inflows from operating activities were RMB2,007.2352 million and cash outflows were RMB1,321.5798 million, the net cash flows were RMB685.6554 million;

Cash inflows from investing activities were RMB789.5549 million and cash outflows were RMB2,859.3620 million, which were mainly the purchase of fixed assets and other long-term assets as well as expenses for cash management, the net cash flows were -RMB2,069.8071 million;

Cash inflows from financing activities were RMB5,431.5559 million and cash outflows were RMB141.1534 million, which were mainly the proceeds received from the Listing during the year, the net cash flows were RMB5,290.4025 million.

2. *Operating performance*

In 2021, the Company achieved operating income, total profits and net profits of RMB1,516.6800 million, RMB642.0037 million and RMB556.4163 million, representing an increase of 40.97%, 78.05% and 77.41% as compared to 2020, respectively. Main reasons: ① The Company has always strengthened technological innovation and taken the lead in establishing and standardizing the industry's innovative drug evaluation technology platform. We continue to strengthen our support for the research and development of innovative drugs and new technology platforms, and are trusted by innovative research and development enterprises. ② The Company's research and technology team has expanded and has more and more mature technical personnel; it has further optimized and improved the experimental facilities and project management process, and the utilization rate of

laboratory capacity has been continuously improved to ensure efficient execution of orders in hand; the supply side has also provided strong support for the growth of performance. The Company continues to improve its capital management capability, which has a positive impact on the Company's performance.

3. *Major financial indicators for 2021*

Asset-liability ratio: 16.31%; Current ratio: 4.79; Quick ratio: 4.16;

Accounts receivables turnover (times/year): 14.69; Inventory turnover (times/year): 1.41;

Weighted average return on net assets: 9.42%;

Weighted average return on net assets after deducting non-recurring profit or loss: 8.96%;

Weighted average earning per Share: RMB1.51;

Weighted average earning per Share after deducting non-recurring profit or loss: RMB1.44;

Net assets per share: RMB18.72.

III. Investments

1. Increase in payments of fixed assets, intangible assets and other long-term assets of RMB237.2448 million, which is mainly used for trial investigations of cases and capacity building.
2. As at the period end, the cash balance of investment expenses was RMB681 million, mainly representing the internal idle funds and idle proceeds from fund raising used in cash management, so as to increase our capital income.

JOINN LABORATORIES (CHINA) CO., LTD.

March 30, 2022

CHAPTER I GENERAL PROVISIONS

Article 1 In order to regulate the use and management of proceeds by Joynn Laboratories (China) Co., Ltd. (the “**Company**”), improve the use efficiency of proceeds, and protect the legitimate rights and interests of investors, the Company has formulated this system in accordance with the requirements of relevant laws, regulations and regulatory documents such as the Company Law of the People’s Republic of China (the “**Company Law**”), the Securities Law of the People’s Republic of China (the “**Securities Law**”), the Measures for the Administration of the Initial Public Offerings and Listing of Stocks, the Administrative Measures for the Issuance of Securities by Listed Companies, the Regulatory Guidelines for Listed Companies No. 2 — Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies, the Management Measures for Proceeds by Companies Listed on the Shanghai Stock Exchange, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (the “**Listing Rules of Stocks**”) and the Rules Governing the Listing of Securities (the “**Hong Kong Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) and taking into account the actual situation of the Company.

Article 2 For the purpose of this system, “proceeds” refer to funds raised by the Company from investors through public offering of securities in China (including initial public offering of stocks, rights issue, additional offering, issuance of convertible corporate bonds, convertible corporate bonds with warrants, warrants, etc.) and non-public offering of securities, excluding funds raised by the Company through the implementation of stock incentive plans.

The proceeds raised by the Company in the H-share market shall be managed in accordance with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company shall use the proceeds prudently to ensure that the use of proceeds is in line with the purposes as committed in the prospectus or offering document, and shall not arbitrarily change the use of proceeds.

The Company shall make true, accurate and complete disclosure of the actual use of proceeds and shall engage an accounting firm to verify the deposit and use of proceeds during the annual audit.

Article 3 This system is the Company’s basic code of conduct for the use and management of proceeds, which makes clear provisions on the Company’s special account for deposit, use, change, approval authority at different levels, decision-making procedures, risk control measures and information disclosure procedures, supervision and accountability in respect of proceeds. If the investment project financed with proceeds is implemented through a subsidiary of the Company or other enterprise controlled by the Company, the Company shall ensure that such subsidiary or other enterprise controlled by the Company abides by this system.

Article 4 The Company shall use the proceeds in accordance with the disclosed usage and subject to the resolutions as well as consideration and approval at the general meetings and board meetings, and disclose the utilization of proceeds and its impact as required.

Article 5 The directors, supervisors and senior management of the Company shall be diligent and responsible, urge the Company to regulate the use of proceeds, consciously safeguard the safety of the Company's proceeds, and shall not participate in, assist or condone the Company to alter the use of proceeds without authorization or in disguise.

Article 6 The controlling shareholder and de facto controller of the Company shall not directly or indirectly occupy or misappropriate the proceeds of the Company, and shall not use the proceeds of the Company and the investment projects financed with proceeds (the "**Proceeds-financed Projects**") to obtain illegitimate benefits.

Article 7 The sponsor shall, in the period of continuous supervision, perform the responsibility of sponsorship with respect to the management of proceeds of the Company, and perform continuous supervision on the management of proceeds of the Company according to the requirements of the Administrative Measures on Sponsorship for Securities Issuance and Listing and this system.

CHAPTER II DEPOSIT OF PROCEEDS

Article 8 The proceeds of the Company shall be deposited into a designated account (the "**Designated Account for Proceeds**") approved by the Board for centralised management. The Designated Account for Proceeds shall not be used for the deposit of funds other than the proceeds or for other purposes.

Article 9 Under the requirements of the listing rules of the place where the Company's shares are listed and relevant laws and regulations, the Company shall, within one month upon receipt of the proceeds, enter into a tripartite supervision agreement in relation to the deposit into the Designated Account for Proceeds (the "**Agreement**") with the sponsor and the commercial bank in which the proceeds are deposited (the "**Commercial Bank**"). The Agreement shall include at least the following:

- (1) The Company shall deposit the proceeds into the Designated Account for Proceeds; account number of the Designated Account for Proceeds, the projects financed with the proceeds in such account, the amount deposited and the term;
- (2) The Commercial Bank shall issue a statement of the Designated Account for Proceeds to the Company on a monthly basis, and furnish a copy to the sponsor;
- (3) In the event that the Company makes a one-off withdrawal or withdrawals in any 12 consecutive months from the Designated Account for Proceeds in an aggregate amount of more than RMB50 million and reaching 20% of the total amount of proceeds net of the issue expenses (the "**Net Proceeds**"), the Company shall notify the sponsor in a timely manner;
- (4) The sponsor may at any time inquire information on the Designated Account for Proceeds at the Commercial Bank;

- (5) Liabilities for breach of contract of the Company, the Commercial Bank and the sponsor;
- (6) Supervision responsibility of the sponsor, notification and cooperation responsibilities of the Commercial Bank, and methods of the sponsor and the Commercial Bank for supervision of use of proceeds by the Company; the sponsor shall also check the deposit into the Designated Account for Proceeds when conducting on-site investigations on the Company on a quarterly basis.

The Company shall report to the Shanghai Stock Exchange for filing within 2 trading days upon the signing of the above agreement and make an announcement in accordance with the requirements of the listing rules of the place where the Company's shares are listed.

In the event of early termination of the above agreement before expiry due to changes in the sponsor or the Commercial Bank, the Company shall sign a new agreement with the relevant parties within two weeks from the date of termination of the agreement, and shall report to the Shanghai Stock Exchange for filing within 2 trading days upon the signing of the new agreement and make an announcement in accordance with the requirements of the listing rules of the place where the Company's shares are listed.

If the sponsor discovers that the Company or the Commercial Bank has not fulfilled the tripartite supervision agreement in relation to the deposit into the Designated Account for Proceeds, it shall promptly report to the Shanghai Stock Exchange in writing upon knowledge of the relevant facts.

CHAPTER III USE OF PROCEEDS

Article 10 The Company shall comply with the following requirements in applying the proceeds:

- (1) The Company shall make specific provisions on the application, approval authority at different levels, decision-making procedures, risk control measures and information disclosure procedures of proceeds utilization;
- (2) The Company shall use the proceeds in accordance with the utilization plan for the proceeds as committed in the offering application document;
- (3) In the event of any circumstances severely affecting the normal implementation of the utilization plan for the proceeds, the Company shall report to the Shanghai Stock Exchange and make an announcement in accordance with the requirements of the listing rules of the place where the Company's shares are listed in a timely manner;

- (4) Where any of the following circumstances occur to the Proceeds-financed Project, the Company shall review the feasibility and expected return of the Proceeds-financed Project, and decide whether to proceed with the implementation of the project and disclose the project progress, reasons for abnormality and the adjusted Proceeds-financed Project (if any) in the latest periodic report:
- i. where the market environment in relation to the Proceeds-financed Project has undergone material changes;
 - ii. where the Proceeds-financed Project has been put on hold for over 1 year;
 - iii. where the deadline of the proceeds investment plan has expired and the amount of proceeds invested has not reached 50% of the amount as set out in the relevant plan;
 - iv. where other abnormal situations occur in relation to the Proceeds-financed Project.

Article 11 In principle, the proceeds raised by the Company shall be used for its principal business. The Company shall not conduct the following acts with the proceeds:

- (1) Participate in Proceeds-financed Projects that make financial investments through holding of transactional financial assets and available-for-sale financial assets, lending to others and entrusted assets management, and direct or indirect investment in companies that principally engage in the trading of marketable securities;
- (2) Essentially change the use of proceeds through pledges, entrusted loans or other means;
- (3) Provide the proceeds directly or indirectly to the controlling shareholders, de facto controllers and other related parties for the purpose of obtaining improper gains through the Proceeds-financed Project;
- (4) Other acts in violation of the provisions on the management of proceeds.

Article 12 In case the Company has made investment with its self-raised funds into the Proceeds-financed Project prior to receiving the proceeds, the proceeds may be used to replace such investment within six months from the receipt thereof.

Such replacement shall be considered and approved by the Board of the Company with an assurance report issued by an accountant and the opinions on explicit consent given by the Independent Directors, the Supervisory Committee and the sponsor. The Company shall report to the Shanghai Stock Exchange within 2 trading days after the board meeting and make an announcement in accordance with the requirements of the listing rules of the place where the Company's shares are listed.

Article 13 The proceeds which are temporarily idle may be used for cash management, and the products they invest in must meet the following conditions:

- (1) The investment products shall have a high level of safety and satisfy the requirement of capital protection. The issuer of the product shall be able to provide guarantee of capital protection;
- (2) The investment products shall have high liquidity and shall not affect the normal implementation of the proceeds investment plan.

The investment products shall not be pledged and the designated settlement account for the products (if applicable) shall not be used for the deposit of funds other than the proceeds or for any other purposes. To open or cancel a designated settlement account for the products, the Company shall file with the Shanghai Stock Exchange within 2 trading days and make an announcement in accordance with the requirements of the listing rules of the place where the Company's shares are listed.

Article 14 The investment of idle proceeds in products shall be subject to the consideration and approval by the Board, with the opinions on explicit consent given by the Independent Directors, the Supervisory Committee and the sponsor. The Company shall, within 2 trading days after the board meeting, announce the following contents in accordance with the requirements of the listing rules of the place where the Company's shares are listed:

- (1) basic information on the proceeds, including, among others, the time of raising, the amount and net amount of the proceeds and investment plans;
- (2) information on the use of the proceeds;
- (3) quota and duration of the idle proceeds for investing in products, whether there are any disguised changes in the purposes of the proceeds and the measures for ensuring the smooth progress of projects financed with proceeds;
- (4) income distribution manner, investment scope and safety of the investment products;
- (5) opinions issued by the Independent Directors, the Supervisory Committee and the sponsor.

Article 15 In respect of any temporal use of the idle proceeds for replenishment of working capital, the Company shall meet the following requirements in accordance with the listing rules of the place where the Company's shares are listed and relevant laws and regulations:

- (1) the use of proceeds shall not be changed in disguised form and the normal progress of the proceeds investment plan shall not be affected;
- (2) the proceeds shall only be applied to production and operation related to the principal business, and shall not be directly or indirectly applied to placing of new shares, subscription or used in stocks and any derivative instruments or convertible corporate bonds, etc.;
- (3) the duration of any single replenishment of working capital may not be in excess of 12 months;
- (4) the amount of any previous use of the proceeds for replenishment of working capital has been replenished by the due date (if applicable).

Any temporal use of the idle proceeds for replenishment of working capital by the Company shall be subject to the consideration and approval by the Board and the opinions on explicit consent given by the Independent Directors, the Supervisory Committee and the sponsor. The Company shall report to the Shanghai Stock Exchange within 2 trading days after the board meeting and make an announcement in accordance with the requirements of the listing rules of the place where the Company's shares are listed.

The Company shall replenish the proceeds used for replenishment of working capital to the Designated Account for Proceeds by the due date and shall, within 2 trading days upon receipt of the full proceeds, report to the Shanghai Stock Exchange and make an announcement in accordance with the requirements of the listing rules of the place where the Company's shares are listed.

Article 16 The portion of net proceeds actually raised by the listed company in excess of the proceeds planned to be raised (the "Excess Proceeds") may be used for permanent replenishment of working capital or repayment of bank loans, but the aggregated amount used within each 12 months may not exceed 30% of the total amount of proceeds, and the Company shall undertake not to make high-risk investment and provide financial assistance to others within 12 months after replenishment of working capital.

Article 17 The use of the Excess Proceeds for permanent replenishment of working capital and repayment of bank loans shall be subject to the consideration and approval at the board meeting and general meeting of the Company, with the manner of online voting provided for shareholders, and the opinions on explicit consent given by the Independent Directors, the Supervisory Committee and the sponsor shall be obtained. The Company shall report to the Shanghai Stock Exchange within 2 trading days after the board meeting and announce the following contents in accordance with the requirements of the listing rules of the place where the Company's shares are listed:

- (1) basic information on the proceeds, including, among others, the time of raising, the amount and net amount of the proceeds, the amount of the Excess Proceeds and investment plans;
- (2) information on the use of the proceeds;
- (3) necessity of and detailed plan for the Excess Proceeds used for permanent replenishment of working capital or repayment of bank loans;
- (4) undertaking of not making any high-risk investments or providing financial assistance for others within 12 months after replenishment of working capital;
- (5) impacts on the Company of the use of the Excess Proceeds for permanent replenishment of working capital or repayment of bank loans;
- (6) opinions from the Independent Directors, the Supervisory Committee and the sponsor.

Article 18 When the Company invests the Excess Proceeds in projects under construction and new projects (including acquisition of assets), the investment shall be limited to its principal business. The Company shall apply the relevant requirements of Articles 21 to 24 of these rules to conduct the feasibility analysis of the investment projects in a scientific and diligent manner, and carry out the obligation of disclosure in a timely manner.

Article 19 Where the Company proposes to use remaining proceeds (including interest income) upon completion of an individual Proceeds-financed Project for the purpose of other Proceeds-financed Project, the proposal shall be subject to consideration and approval by the Board and the opinions on explicit consent given by the Independent Directors, the sponsor and the Supervisory Committee. The Company shall report to the Shanghai Stock Exchange within 2 trading days after the board meeting and make an announcement in accordance with the requirements of the listing rules of the place where the Company's shares are listed.

The remaining proceeds (including interest income) that are less than RMB1 million or 5% of the committed investment amount of such project can be exempted from the procedures in the preceding paragraph and the use of these proceeds shall be disclosed in the annual report.

For any use of the remaining proceeds (including interest income) for any purposes other than the Proceeds-financed Project (including replenishment of working capital), the Company shall fulfil the relevant procedures and disclosure obligations as required for any changes made to the Proceeds-financed Project.

Article 20 Upon completion of all the Proceeds-financed Projects, any proposed use of the remaining proceeds (including interest income) in excess of 10% of the Net Proceeds shall be subject to the consideration and approval of the Board and the general meeting and the opinions on explicit consent given by the Independent Directors, the sponsor and the Supervisory Committee. The Company shall report to the Shanghai Stock Exchange within 2 trading days after the board meeting and make an announcement in accordance with the requirements of the listing rules of the place where the Company's shares are listed.

Any use of the remaining proceeds (including interest income) less than 10% of the Net Proceeds shall be subject to the consideration and approval by the Board and the opinions on explicit consent given by the Independent Directors, the sponsor and the Supervisory Committee. The Company shall report to the Shanghai Stock Exchange within 2 trading days after the board meeting and make an announcement in accordance with the requirements of the listing rules of the place where the Company's shares are listed.

The remaining proceeds (including interest income) that are less than RMB5 million or 5% of the Net Proceeds can be exempted from the procedures in the preceding paragraph and the use of these proceeds shall be disclosed in the latest periodic report.

CHAPTER IV CHANGES TO USE OF PROCEEDS

Article 21 The proceeds shall be used by the Company according to the purposes as set out in the prospectus or offering document. Under the requirements of the listing rules of the place where the Company's shares are listed and relevant laws and regulations, any changes to the Proceeds-financed Project shall be subject to the consideration and approval of the Board and the general meeting and the opinions on explicit consent given by the Independent Directors, the sponsor and the Supervisory Committee. If the Company proposes to use the proceeds raised from the issuance of H Shares in a way different from the disclosure in the relevant listing documents of H Shares during the period from the date of its initial listing of overseas-listed foreign shares (H Shares) to the date on which it discloses its financial results for the first full financial year commencing from the date of its initial listing in compliance with Rule 13.46 of the Hong Kong Listing Rules, the Company shall consult and (if required) seek advice from the compliance adviser in a timely manner.

The Company's change to the implementation location of the Proceeds-financed Project only can be exempted from the procedures in the preceding paragraph, but shall be subject to the consideration and approval by the Board of the Company. The Company shall, within 2 trading days, report to the Shanghai Stock Exchange and make an announcement of the reasons for such change and the opinion of the sponsor in accordance with the requirements of the listing rules of the place where the Company's shares are listed.

Article 22 Any changes to the Proceeds-financed Project shall be made only for the purpose of the principal business of the Company.

The Company shall conduct a scientific and prudent feasibility study of the new Proceeds-financed Project to ensure that it has better market prospects and profitability, effective mitigation against investment risks and improvement in the effective yields of the proceeds.

Article 23 In respect of any proposed changes to the Proceeds-financed Project, the Company shall report to the Shanghai Stock Exchange within 2 trading days after submitting it to the Board for deliberation, and announce the following contents in accordance with the requirements of the listing rules of the place where the Company's shares are listed:

- (1) general profile of the original Proceeds-financed Project and detailed reasons for the proposed changes;
- (2) general profile, feasibility study and risk factors of the new Proceeds-financed Project;
- (3) investment plan of the new Proceeds-financed Project;
- (4) statement that any approval from relevant authorities for the new Proceeds-financed Project has been received or pending (if applicable);
- (5) opinions of the Independent Directors, the Supervisory Committee and the sponsor on the proposed changes to the Proceeds-financed Project;
- (6) statement that the proposed changes to the Proceeds-financed Project shall be subject to the consideration of the general meeting;
- (7) other contents required by the Shanghai Stock Exchange and the rules of the place where the Company's shares are listed.

In respect of any new Proceeds-financed Project involving a connected transaction, asset purchase or external investment, the Company shall make disclosures required by the relevant rules.

Article 24 In respect of any changes made to the Proceeds-financed Project to acquire the assets (including interests) from a controlling shareholder or de-facto controller, the Company shall ensure that, subsequent to the acquisition, competition between competing business is effectively avoided and related transactions are minimized.

Article 25 In respect of any proposed external transfer or swap of the Proceeds-financed Project (save for the complete external transfer or swap during the substantial asset restructuring of the Company), the Company shall report to the Shanghai Stock Exchange within 2 trading days after submitting it to the Board for deliberation, and announce the following contents in accordance with the requirements of the listing rules of the place where the Company's shares are listed:

- (1) specific reasons for the external transfer or swap of the Proceeds-financed Project;
- (2) amount of proceeds already invested in the Proceeds-financed Project;
- (3) progress status of and benefits realized from the project;
- (4) general profile, feasibility study and risk factors of the swapped-in project (if applicable);
- (5) pricing basis and benefits of the transfer or swap;
- (6) opinions of the Independent Directors, the Supervisory Committee and the sponsor on the transfer or swap of the Proceeds-financed Project;
- (7) statement that the transfer or swap of the Proceeds-financed Project shall be subject to the consideration of the general meeting;
- (8) other contents required by the Shanghai Stock Exchange or the listing rules of the place where the Company's stock is listed.

The Company shall closely monitor the receipt and use of the transfer consideration, changes to the ownership title to the swapped-in asset and its continuing operation thereon, and satisfy the respective information disclosure obligations as required.

CHAPTER V ADMINISTRATION AND SUPERVISION OF USE OF PROCEEDS

Article 26 The Company shall make true, accurate and complete disclosure of the actual use of proceeds.

Article 27 The Board of the Company shall comprehensively check the progress of the Proceeds-financed Projects semi-annually, and issue a Special Report on the Deposit and Actual Use of the Company's Proceeds (the "**Special Report on Proceeds**") on the deposit and use of the proceeds.

If there is a discrepancy between the actual investment progress and the investment plan of the Proceeds-financed Project, the Company shall explain the specific reasons in the Special Report on Proceeds. If there is any use of idle proceeds to invest in products in the current period, the Company shall disclose in the Special Report on Proceeds the income for the reporting period, as well as the end-of-period investment shares, contracting parties, product names, terms and other information.

The Special Report on Proceeds shall be subject to the consideration and approval by the Board and the Supervisory Committee, and shall be reported to the Shanghai Stock Exchange within 2 trading days after being submitted to the Board for deliberation and announced in accordance with the requirements of the listing rules of the place where the Company's shares are listed. During the annual audit, the Company shall engage an accounting firm to issue an assurance report on the deposit and use of proceeds, and submit it to the Shanghai Stock Exchange when disclosing the annual report, and disclose it on the website of the Shanghai Stock Exchange at the same time.

Article 28 Independent directors, the audit committee of the Board and the Supervisory Committee shall continue to monitor the actual management and use of proceeds. More than half of the independent directors, the audit committee of the Board or the Supervisory Committee may engage an accounting firm to issue an assurance report on the deposit and use of proceeds. The Company shall actively cooperate and bear the necessary expenses.

The Board shall report to the Shanghai Stock Exchange within 2 trading days upon receipt of the assurance report specified in the preceding paragraph and make an announcement in accordance with the requirements of the listing rules of the place where the Company's shares are listed. If the assurance report finds that the management and use of the proceeds of the Company is in violation of regulations, the Board shall also announce the violations relating to the deposit and use of proceeds, the consequences that have been or may be caused, and the measures that have been taken or are to be taken.

Article 29 The sponsor shall conduct at least one on-site survey for the deposit and use of proceeds of the Company semi-annually.

After the end of every financial year, the sponsor shall issue a special verification report on the deposit and use of proceeds of the Company in the year, which shall be submitted to the Shanghai Stock Exchange and disclosed at the website of the Shanghai Stock Exchange when the Company discloses its annual report. Such special verification report shall contain the following:

- (1) information relating to the deposit, use and the balance of the special account of proceeds;
- (2) progress of the Proceeds-financed Project, including the difference from the progress of the proceeds investment plan;
- (3) information on the replacement of the self-raised funds invested in advance in the Proceeds-financed Project with the proceeds (if applicable);
- (4) use of idle proceeds to replenish working capital and its effect (if applicable);
- (5) use of the Excess Proceeds (if applicable);
- (6) changes to use of proceeds (if applicable);
- (7) conclusive opinions relating to whether the deposit and use of proceeds by the Company are compliant with laws and regulations;

(8) other contents as required by the Shanghai Stock Exchange.

After the end of each financial year, the Board of the Company shall disclose the conclusive opinions of the special verification report of the sponsor and the assurance report of the accounting firm in the Special Report on Proceeds.

CHAPTER VI SUPPLEMENTARY PROVISIONS

Article 30 In this system, the expression of “above” shall be inclusive of the stated figure while the expression of “lower than” shall be exclusive of the stated figure.

Article 31 ~~This system will come into effect from the date when the Company makes the public offering of H Shares and such Shares are listed on the Hong Kong Stock Exchange after it is considered and approved at the general meeting of Shareholders. From the effective date of this system, the Management System for the Funds Raised will automatically become invalid.~~ This system shall come into effect upon consideration and approval at the general meeting.

Article 32 The Board is responsible for the interpretation of this system.

Article 33 Any matter not covered in this system or inconsistent with relevant laws and regulations, as well as relevant requirements of regulatory authorities, the Hong Kong Listing Rules, and the Articles of Association shall follow the relevant laws and regulations, relevant requirements of regulatory authorities, the Hong Kong Listing Rules, and the Articles of Association.

BOARD OF DIRECTORS
JOINN LABORATORIES (CHINA) CO., LTD.
March 2022

This explanatory statement contains all the information required to be given to the Shareholders pursuant to Rule 10.06 of the Listing Rules in connection with the A Share Repurchase Mandate and the H Share Repurchase Mandate, which is set out as follows:

1. SHARE CAPITAL

As at the Latest Practicable Date, the total number of issued Shares was 381,612,792, which comprised 320,900,952 A Shares and 60,711,840 H Shares. Subject to the passing of the special resolutions in respect of the grant of the A Share Repurchase Mandate and the grant of the H Share Repurchase Mandate, on the basis that the total number of issued A Shares and the total number of issued H Shares as at the Latest Practicable Date will remain unchanged on the date of the AGM and the Class Meetings, during the period in which the A Share Repurchase Mandate and the H Share Repurchase Mandate remain in force, the Directors will be authorised to repurchase up to 32,090,095 A Shares under the A Share Repurchase Mandate and to repurchase up to 6,071,184 H Shares under the H Share Repurchase Mandate, representing 10% of the total issued A Shares and 10% of the total issued H Shares, respectively.

2. REASONS FOR SHARE REPURCHASE

The Directors believe that the granting of the repurchase mandate is in the best interests of the Company and the Shareholders. Repurchases of A Shares and/or H Shares may, depending on the market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders.

3. FUNDING OF REPURCHASE

In repurchasing A Shares and/or H Shares, the Company may only apply funds from its internal resources legally available for the purpose under the Articles of Association, the Listing Rules and the laws, rules and regulations applicable to the PRC, including but not limited to the surplus funds and undistributed profits of the Company.

4. IMPACT ON THE WORKING CAPITAL

Taking into account the current working capital position of the Company, the Directors are of the opinion that, the exercise of the A Share Repurchase Mandate and the H Share Repurchase Mandate in full will not have a material adverse impact on the working capital and/or gearing position of the Company (as compared with the working capital and/or gearing position as at December 31, 2021 disclosed in the latest published audited accounts as contained in the 2021 Annual Report of the Company). The number of A Shares and/or H Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining and in the best interest of the Company.

5. STATUS OF REPURCHASED H SHARES

The Listing Rules provide that the listing of all the A Shares and/or H Shares repurchased by the Company shall automatically be cancelled and the relevant share certificates shall be cancelled and destroyed. Under the PRC laws, the A Shares and/or H Shares repurchased by the Company will be cancelled and the Company's registered capital will be reduced by an amount equivalent to the aggregate nominal value of the A Shares and/or H Shares so cancelled.

6. MARKET PRICE OF SHARES

The highest and lowest trading prices per H Share on the Stock Exchange during each of the previous 12 months preceding up to and including the Latest Practicable Date were as follows:

	A Shares		H Shares	
	Highest RMB	Lowest RMB	Highest HK\$	Lowest HK\$
2021				
May	124.46	98.16	153.00	133.70
June	137.30	119.75	137.60	106.57
July	143.04	103.68	138.00	101.50
August	166.66	125.32	136.10	86.85
September	182.02	130.66	116.50	94.40
October	163.88	141.58	110.90	96.20
November	163.19	120.75	105.60	74.65
December	111.00	107.50	95.00	58.25
2022				
January	112.88	95.00	65.00	50.45
February	119.25	87.00	66.60	52.65
March	120.50	101.88	74.95	48.50
April	114.84	89.00	72.80	54.05
May (up to the Latest Practicable Date)	91.00	102.68	60.95	51.00

7. GENERAL

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined under the Hong Kong Listing Rules) have any present intention, in the event that the proposed grant of the A Share Repurchase Mandate and/or the proposed grant of the H Share Repurchase Mandate are approved by the Shareholders, to sell any Shares to the Company.

The Company has not been notified by any core connected persons (as defined under the Hong Kong Listing Rules) of the Company that they have a present intention to sell any Shares to the Company, or that they have undertaken not to sell any Shares held by them to the Company, in the event that the proposed grant of the A Share Repurchase Mandate and/or the proposed grant of the H Share Repurchase Mandate are approved by the Shareholders.

The Directors have undertaken to the Hong Kong Stock Exchange to exercise the power of the Company to make repurchases of the A Shares and/or the H Shares pursuant to the A Share Repurchase Mandate and/or the H Share Repurchase Mandate in accordance with the Hong Kong Listing Rules and the applicable laws and regulations of the PRC.

8. IMPLICATION UNDER THE TAKEOVERS CODE

Pursuant to Rule 32 of the Takeovers Code, if as a result of a Share repurchase, a Shareholder's proportionate interest in the voting right of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code and, if such increase results in a change of control, may in certain circumstances give rise to an obligation to make a mandatory offer for the Shares under Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Ms. Feng Yuxia ("**Ms. Feng**"), the chairperson of the Board and an executive Director, and Mr. Zhou Zhiwen ("**Mr. Zhou**"), the spouse of Ms. Feng, collectively held an aggregate of 136,883,547 A Shares, representing approximately 35.87% of the total number of issued Shares. In the event that the Directors exercised both the A Share Repurchase Mandate and the H Share Repurchase Mandate in full, the aggregate shareholding of Ms. Feng and Mr. Zhou in the Company would be increased to approximately 39.86% of the total number of issued Shares. The increase of Ms. Feng and Mr. Zhou's proportionate interest in the Company will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, Ms. Feng and Mr. Zhou, or a group of Shareholders acting in concert with them could obtain or consolidate control of the Company and, when exceeding the 2% creeper, become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of any such increase.

Save as disclosed herein, the Directors are not aware of any consequences which may arise under the Takeovers Code if the A Share Repurchase Mandate and/or the H Share Repurchase Mandate is exercised. The Directors have no present intention to exercise the A Share Repurchase Mandate and/or the H Share Repurchase Mandate to such an extent as would trigger the application of the Takeovers Code in the manner described above.

9. REPURCHASE OF SHARES BY THE COMPANY

The Company had not repurchased any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.



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)

NOTICE OF THE ANNUAL GENERAL MEETING OF 2021

NOTICE IS HEREBY GIVEN that the Annual General Meeting (the “AGM”) of JOINN Laboratories (China) Co., Ltd. (the “Company”) will be held at 2:00 p.m. on Friday, June 24, 2022 at A5 Rongjing East Street, Beijing Economic-Technological Development Area, Beijing, China for the following purposes of considering and, if deemed appropriate, approving the following resolutions.

ORDINARY RESOLUTIONS

To consider and approve:

1. The annual report and summary for 2021;
2. The work report of the Board of Directors for 2021;
3. The work report of the Supervisory Committee for 2021;
4. The final account report for 2021;
5. The re-appointment of the auditor for the financial report and the internal control auditor for 2022;
6. The proposed remuneration of Directors and senior management;
7. The proposed remuneration of Supervisors;
8. The proposed purchase of wealth management products with internal idle fund;
9. The proposed amendments to the Management System for the Funds Raised of the Company;
10. The proposed change in use of net proceeds;

NOTICE OF THE ANNUAL GENERAL MEETING OF 2021

SPECIAL RESOLUTIONS

11. The proposed 2021 Profit Distribution Plan;
12. The proposed change of the registered capital of the Company;
13. The proposed amendments to the Articles of Association of the Company;
14. The proposed adoption of the Share Incentive Scheme (H Shares) and the proposed authorization of the Board to deal with matters in relation to the Share Incentive Scheme (H Shares); and
15. The grant of the A Share Repurchase Mandate and the H Share Repurchase Mandate.

Details of the above resolutions proposed at the AGM are contained in the Circular, which is available on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company (www.joinnlabs.com).

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

Hong Kong, May 26, 2022

Notes:

1. Unless the context otherwise stated, capitalized terms used in this notice shall have the meanings as those defined in the circular of the Company dated May 26, 2022.
2. For the purpose of holding the AGM, the register of members of the Company will be closed from Tuesday, June 21, 2022 to Friday, June 24, 2022 (both days inclusive), during which period no transfer of shares can be registered. In order for H Shareholders to be qualified to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, June 20, 2022 for registration. The Shareholders whose names appear on the register of members of the Company on Friday, June 24, 2022 are entitled to attend and vote at the AGM.
3. For the purpose of determining the list of H Shareholders who are entitled to the Profit Distribution and the Capitalization Shares, the register of members of the Company will be closed from Monday, August 1, 2022 to Wednesday, August 3, 2022 (both days inclusive), during which period no transfer of Shares will be registered. H Share Shareholders whose names appear on the H Share register of members of the Company on Wednesday, August 3, 2022 are entitled to the Profit Distribution and the Capitalization Shares. In order to be entitled to receive the Profit Distribution and the new H Shares issued under the Capitalization Issue, all share certificates, together with the instruments of transfers, must be lodged for registration with the H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, July 29, 2022.
4. Shareholders who are entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.

NOTICE OF THE ANNUAL GENERAL MEETING OF 2021

5. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same on its behalf.
6. In order to be valid, the proxy form must be deposited, for H Shareholders of the Company, to the H share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 24 hours before the time for holding the AGM or the adjourned meeting (as the case may be) (i.e. not later than 2:00 p.m. on Thursday, June 23, 2022 (Hong Kong time)). If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the AGM or any adjourned meetings should they so wish.
7. Shareholders shall produce their identity documents and supporting documents in respect of the shares of the Company held when attending the AGM. If corporate Shareholders appoint authorised representative to attend the AGM, the authorized representative shall produce his/her identity documents and a notarially certified copy of the relevant authorization instrument signed by the board of directors or other authorised parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the Shareholders or their attorney when attending the AGM.
8. Shareholders attending the AGM shall be responsible for their own travel and accommodation expenses.
9. All resolutions at the AGM will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Listing Rules.
10. References to time and dates in this notice are to Hong Kong time and dates.
11. For any matter relating to the Annual General Meeting, please contact Mr. Jia Fengsong (via email: jjafengsong@joinn-lab.com or telephone: +86 010 6786 9582).



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)

NOTICE OF THE SECOND H SHARE CLASS MEETING OF 2022

NOTICE IS HEREBY GIVEN that the second H Share Class Meeting of 2022 (the “**H Share Class Meeting**”) of JOINN Laboratories (China) Co., Ltd. (the “**Company**”) will be held at A5 Rongjing East Street, Beijing Economic-Technological Development Area, Beijing, China on Friday, June 24, 2022 after the conclusion of the Annual General Meeting of 2021 and the A Share Class Meeting of 2022 and any adjournments thereof, for the following purposes of considering and, if deemed appropriate, approving the following resolutions.

SPECIAL RESOLUTIONS

To consider and approve:

1. The proposed 2021 Profit Distribution Plan;
2. The proposed change of the registered capital of the Company;
3. The proposed adoption of the Share Incentive Scheme (H Shares) and the proposed authorization of the Board to deal with matters in relation to the Share Incentive Scheme (H Shares); and
4. The grant of the A Share Repurchase Mandate and the H Share Repurchase Mandate.

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

Hong Kong, May 26, 2022

NOTICE OF THE SECOND H SHARE CLASS MEETING OF 2022

Notes:

1. Unless the context otherwise stated, capitalized terms used in this notice shall have the meanings as those defined in the circular of the Company dated May 26, 2022.
2. For the purpose of holding the H Share Class Meeting, the register of members of the Company will be closed from Tuesday, June 21, 2022 to Friday, June 24, 2022 (both days inclusive), during which period no transfer of shares can be registered. In order for H Share Shareholders to be qualified to attend and vote at the H Share Class Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the H share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, June 20, 2022 for registration. The Shareholders whose names appear on the register of members of the Company on Friday, June 24, 2022 are entitled to attend and vote at the H Share Class Meeting.
3. For the purpose of determining the list of H Shareholders who are entitled to the Profit Distribution and the Capitalization Shares, the register of members of the Company will be closed from Monday, August 1, 2022 to Wednesday, August 3, 2022 (both days inclusive), during which period no transfer of Shares will be registered. H Share Shareholders whose names appear on the H Share register of members of the Company on Wednesday, August 3, 2022 are entitled to the Profit Distribution and the Capitalization Shares. In order to be entitled to receive the Profit Distribution and the new H Shares issued under the Capitalization Issue, all share certificates, together with the instruments of transfers, must be lodged for registration with the H Share Registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, July 29, 2022.
4. Shareholders who are entitled to attend and vote at the H Share Class Meeting may appoint one or more proxies to attend and vote on their behalves. A proxy need not be a shareholder of the Company. If more than one proxy is appointed, the number of shares in respect of which each such proxy so appointed must be specified in the relevant form of proxy. Every shareholder present in person or by proxy shall be entitled to one vote for each share held by him.
5. The instrument appointing a proxy must be in writing under the hand of a Shareholder or his attorney duly authorised in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or under the hand of its director or other attorney duly authorised to sign the same on its behalf.
6. In order to be valid, the proxy form must be deposited, for H Shareholders of the Company, to the H share registrar of the Company, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 24 hours before the time for holding the H Share Class Meeting or the adjourned meeting (as the case may be) (i.e. not later than 2:00 p.m. on Thursday, June 23, 2022 (Hong Kong time)). If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or other authority shall be deposited at the same time as mentioned in the proxy form. Completion and return of the proxy form will not preclude Shareholders from attending and voting in person at the H Share Class Meeting or any adjourned meetings should they so wish.
7. Shareholders shall produce their identity documents and supporting documents in respect of the shares of the Company held when attending the H Share Class Meeting. If corporate Shareholders appoint authorised representative to attend the H Share Class Meeting, the authorized representative shall produce his/her identity documents and a notarially certified copy of the relevant authorization instrument signed by the board of directors or other authorised parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the Shareholders or their attorney when attending the H Share Class Meeting.
8. Shareholders attending the H Share Class Meeting shall be responsible for their own travel and accommodation expenses.
9. All resolution(s) at the H Share Class Meeting will be taken by poll (except where the chairman decides to allow a resolution relating to a procedural or administrative matter to be voted on by a show of hands) pursuant to the Listing Rules. The results of the poll will be published on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Listing Rules.

NOTICE OF THE SECOND H SHARE CLASS MEETING OF 2022

10. References to time and dates in this notice are to Hong Kong time and dates.
11. For any matter relating to the H Share Class Meeting, please contact Mr. Jia Fengsong (via email: jjafengsong@joinn-lab.com or telephone: +86 010 6786 9582).