JOINN LABORATORIES (CHINA) CO., LTD.
北京昭衍新藥研究中心股份有限公司

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

(Stock Code: 6127)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Director(s)**") of JOINN Laboratories (China) Co., Ltd. (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (the "**Group**", "**we**", "**our**", "**us**", "**JOINN**" or "**JOINN Labs**") for the year ended 31 December 2024 (the "**Reporting Period**"), together with comparative figures for the year ended 31 December 2023.

In this announcement, "we", "us" and "our" refer to the Company (as defined above) and where the context otherwise requires, the Group (as defined above). Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

FINANCIAL HIGHLIGHTS

For the year ended 31 December 2024, the Group recorded the following audited results:

	Year ended 31 December 2024 *RMB'000*	Year ended 31 December 2023 *RMB'000*	Year-to-year change
Revenue	**2,018,334**	2,376,487	-15.1%
Gross profit	**505,540**	979,393	-48.4%
Profit for the year	**69,755**	391,553	-82.2%
Profit for the year attributable to equity shareholders of the Company	**74,075**	396,993	-81.3%
Net assets attributable to equity shareholders of the Company	**8,078,818**	8,279,316	-2.4%

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024
*(Expressed in Renminbi ("**RMB**"))*

	Note	**2024** ***RMB'000*** **(Audited)**	2023 *RMB'000* (Audited)
Revenue	*3*	**2,018,334**	2,376,487
Cost of services		**(1,512,794)**	(1,397,094)
Gross profit	*3(b)*	**505,540**	979,393
Other gains and losses, net	*4*	**161,181**	240,522
Losses arising from changes in fair value of biological assets		**(122,942)**	(288,807)
Selling and marketing expenses		**(27,881)**	(24,615)
General and administrative expenses		**(315,934)**	(296,477)
Research and development expenses		**(92,918)**	(96,854)
Profit from operations		**107,046**	513,162
Finance costs	*5(a)*	**(2,448)**	(3,142)
Share of losses of an associate		**(559)**	(3,069)
Profit before taxation	*5*	**104,039**	506,951
Income tax	*6*	**(34,284)**	(115,398)
Profit for the year		**69,755**	391,553
Other comprehensive income for the year (after tax)			
Item that will not be reclassified to profit or loss:			
– Equity investments at fair value through other comprehensive income ("**FVOCI**") – net movement in fair value reserve (non-recycling)		**(58,514)**	952
Item that are or may be reclassified subsequently to profit or loss			
– Exchange differences on translation of financial statements of foreign operations		**7,473**	4,009
		(51,041)	4,961
Total comprehensive income for the year		**18,714**	396,514

	Note	**2024** ***RMB'000*** **(Audited)**	2023 *RMB'000* (Audited)
Profit for the year attributable to:			
Equity shareholders of the Company		**74,075**	396,993
Non-controlling interests		**(4,320)**	(5,440)
Profit for the year		**69,755**	391,553
Total comprehensive income for the year attributable to:			
Equity shareholders of the Company		**23,034**	401,954
Non-controlling interests		**(4,320)**	(5,440)
Total comprehensive income for the year		**18,714**	396,514
Earnings per share	*7*		
Basic (RMB)		**0.10**	0.53
Diluted (RMB)		**0.10**	0.53

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024
(Expressed in RMB)

	Note	**2024** ***RMB'000*** **(Audited)**	2023 *RMB'000* (Audited)
Non-current assets			
Property, plant and equipment		**1,430,974**	1,303,491
Intangible assets		**45,834**	47,800
Interest in an associate		**–**	19,529
Goodwill		**138,037**	136,007
Biological assets		**383,305**	558,874
Financial assets at FVOCI		**91,000**	159,840
Financial assets at fair value through profit or loss ("**FVTPL**")		**624,974**	587,784
Certificates of deposits and term deposits		**1,590,715**	30,832
Other non-current assets		**26,759**	32,784
Deferred tax assets		**33,356**	28,251
		4,364,954	2,905,192
Current assets			
Inventories		**163,564**	184,593
Contract costs		**628,883**	772,739
Biological assets		**686,100**	905,749
Contract assets		**121,997**	127,172
Trade and bills receivables	*10*	**218,003**	212,888
Prepayments and other receivables		**121,478**	149,070
Financial assets at FVTPL		**1,396,123**	373,354
Certificates of deposits and term deposits		**729,847**	1,533,490
Cash at bank		**965,203**	2,862,912
		5,031,198	7,121,967
Current liabilities			
Trade payables	*11*	**50,222**	43,323
Contract liabilities		**827,161**	1,151,974
Other payables		**172,290**	203,215
Lease liabilities		**39,374**	27,500
Income tax payable		**21,521**	41,353
		1,110,568	1,467,365
Net current assets		**3,920,630**	5,654,602
Total assets less current liabilities		**8,285,584**	8,559,794

	Note	**2024** ***RMB'000*** **(Audited)**	2023 *RMB'000* (Audited)
Non-current liabilities			
Lease liabilities		**21,600**	41,925
Deferred tax liabilities		**116,875**	162,341
Deferred income		**67,921**	74,487
		206,396	278,753
NET ASSETS		**8,079,188**	8,281,041
CAPITAL AND RESERVES			
Share capital	*12*	**749,477**	749,889
Reserves		**7,329,341**	7,529,427
Total equity attributable to equity shareholders of the Company		**8,078,818**	8,279,316
Non-controlling interests		**370**	1,725
TOTAL EQUITY		**8,079,188**	8,281,041

NOTES TO FINANCIAL INFORMATION
(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

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

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

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries and the Group's interest in associates.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for biological assets, equity investments in unlisted companies, investments in unlisted funds and RMB wealth management products that are measured at their fair values at the end of each reporting period.

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

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

(c) Changes in accounting policies

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

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current*
- Amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants ("**2022 amendments**")*
- Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in providing non-clinical drug safety assessment services to pharmaceutical and biotechnology companies. Further details regarding the Group's principal activities are disclosed in Note 3(b). Disaggregation of revenue from contracts with customers within the scope of IFRS 15 by major service lines is as follows:

	2024	2023
	RMB'000	*RMB'000*
Rendering services:		
Non-clinical studies services	**1,917,487**	2,308,999
Clinical trial and related services	**99,940**	63,424
Sales of goods:		
Sales of research models	**907**	4,064
	2,018,334	2,376,487

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

As at 31 December 2024, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied was approximately RMB2,200 million (2023: RMB3,300 million). Management of the Group expects the majority of the transaction price allocated to the unsatisfied contracts as of the end of reporting period will be recognised within 3 years from the end of the reporting period.

(b) Segment reporting

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

- Non-clinical studies services

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

- Clinical trial and related services

  These services include (i) clinical CRO services; (ii) co-managed phase I clinical research units; and (iii) bioanalytical services.

- Sales of research models

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

(i) Segment results

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

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

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

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

	2024			
	Non-clinical studies services *RMB'000*	**Clinical trial and related services** *RMB'000*	**Sales of research models** *RMB'000*	**Total** *RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	**1,917,487**	**35,379**	**907**	**1,953,773**
Over time	**–**	**64,561**	**–**	**64,561**
Revenue from external customer	**1,917,487**	**99,940**	**907**	**2,018,334**
Inter-segment revenue	**868**	**–**	**316,841**	**317,709**
Reportable segment revenue	**1,918,355**	**99,940**	**317,748**	**2,336,043**
Reportable segment gross profit	**477,120**	**11,935**	**12,199**	**501,254**

	2023			
	Non-clinical studies services *RMB'000*	Clinical trial and related services *RMB'000*	Sales of research models *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	2,308,999	41,517	4,064	2,354,580
Over time	–	21,907	–	21,907
Revenue from external customer	2,308,999	63,424	4,064	2,376,487
Inter-segment revenue	4,161	225	142,287	146,673
Reportable segment revenue	2,313,160	63,649	146,351	2,523,160
Reportable segment gross profit	951,641	14,325	6,659	972,625

(ii) Reconciliations of reportable segment gross profit

	2024	2023
	RMB'000	*RMB'000*
Reportable segment gross profit	**501,254**	972,625
Elimination of inter-segment gross losses	**4,286**	6,768
Consolidated gross profit	**505,540**	979,393

(iii) Geographic information

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

	2024	2023
	RMB'000	*RMB'000*
The PRC	**1,579,381**	1,797,730
The USA	**415,422**	566,271
Other countries/regions	**23,531**	12,486
	2,018,334	2,376,487

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

	2024	2023
	RMB'000	*RMB'000*
The PRC	**1,643,135**	1,726,507
The USA	**355,015**	339,194
	1,998,150	2,065,701

4 OTHER GAINS AND LOSSES, NET

	2024	2023
	RMB'000	*RMB'000*
Government grants (including amortisation of deferred income)	**26,527**	30,254
Interest income	**103,231**	142,503
Gains from disposal of an associate	**16,030**	–
Net foreign exchange (losses)/gains	**(684)**	12,114
Net loss on disposal of property, plant and equipment	**(210)**	(251)
Gains on financial assets at FVTPL	**20,540**	12,697
Change in fair value of financial assets at FVTPL	**(4,107)**	43,165
Others	**(146)**	40
	161,181	240,522

5 PROFIT BEFORE TAXATION

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

(a) Finance costs

	2024	2023
	RMB'000	*RMB'000*
Interest on interest-bearing borrowings	**–**	86
Interest on lease liabilities	**2,448**	3,056
	2,448	3,142

(b) Staff costs

	2024	2023
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**585,001**	574,996
Contributions to defined contribution retirement scheme	**54,223**	53,109
Equity-settled share-based payment expenses	**–**	6,028
	639,224	634,133

(c) Other items

	2024 *RMB'000*	2023 *RMB'000*
Amortisation of intangible assets	**10,092**	9,061
Depreciation charge		
– Self-owned property, plant and equipment	**101,140**	101,753
– Right-of-use assets	**33,856**	31,318
Recognition of expected credit loss	**19,140**	10,322
Auditors' remuneration		
– audit services	**3,000**	3,000
– other assurance services	**51**	51
– non-assurance services	**276**	256
Cost of inventories	**821,555**	774,938

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

	2024 *RMB'000*	2023 *RMB'000*
Current tax		
Provision for the year	**74,561**	137,259
Deferred tax		
Origination and reversal of temporary differences	**(40,277)**	(21,861)
	34,284	115,398

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB74,075,000 (2023: RMB396,993,000) and the weighted average number of ordinary shares calculated as below:

	2024	2023
Issued ordinary shares at 1 January	**749,888,699**	535,678,676
Issue of shares under bonus issue in 2023	**–**	214,271,470
Effect of restricted shares	**(411,365)**	(547,205)
Weighted average number of ordinary shares at 31 December	**749,477,334**	749,402,941

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

(b) Diluted earnings per share

The calculation of the diluted earnings per share is based on the profit attributable to equity shareholders of the Company of RMB74,075,000 (2023: RMB396,993,000), and the weighted average number of ordinary shares (diluted) calculated as below:

	2024	2023
Weighted average number of ordinary shares at 31 December	**749,477,334**	749,402,941
Effect of restricted shares outstanding	**–**	30,741
Effect of deemed issue of shares under share option schemes	**–**	494,826
Weighted average number of ordinary shares (diluted) at 31 December	**749,477,334**	749,928,508

8 DIVIDENDS

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

	2024	2023
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of RMB0.03 per ordinary share (2023: RMB0.16 per ordinary share)	**22,385**	119,977

The profit distribution plan is subject to the approval of the equity shareholders at the forthcoming annual general meeting. The final dividend proposed after the end of the reporting period has not been recognised as a liability or transferred from reserve at the end of the reporting period.

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

	2024	2023
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year of RMB0.16 per ordinary share (2023: RMB0.40 per ordinary share)	**119,634**	214,244

9 FINANCIAL ASSETS AT FVTPL

	2024	2023
	RMB'000	*RMB'000*
Non-Current assets		
Equity investment in an unlisted company	**345,245**	354,639
Investments in unlisted funds	**279,729**	233,145
	624,974	587,784
Current assets		
RMB wealth management products	**1,396,123**	373,354
	2,021,097	961,138

10 TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**213,593**	224,602
Less: loss allowance	**(32,425)**	(18,588)
	181,168	206,014
Bills receivables	**36,835**	6,874
	218,003	212,888

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

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**125,697**	160,784
1 to 2 years	**32,182**	42,891
2 to 3 years	**23,090**	2,278
Over 3 years	**199**	61
	181,168	206,014

11 TRADE PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**50,222**	43,323

At 31 December 2024, the ageing analysis of trade payables, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**47,904**	42,778
1 to 2 years	**2,318**	545
	50,222	43,323

As at 31 December 2024, all trade payables of the Group are expected to be settled within one year or are payable on demand.

12 SHARE CAPITAL

Issued share capital

	2024		2023	
	No. of shares	**Amount** ***RMB'000***	No. of shares	Amount *RMB'000*
Ordinary shares, issued:				
At 1 January	**749,888,699**	**749,889**	535,678,676	535,679
Issue of shares under bonus issue *(Note i)*	**–**	**–**	214,244,424	214,244
Cancellation of restricted shares *(Note ii)*	**(411,365)**	**(412)**	(34,401)	(34)
At 31 December	**749,477,334**	**749,477**	749,888,699	749,889

Notes:

(i) Pursuant to the written resolutions of the shareholders of the Company passed on 9 June 2023, 4 new shares for every 10 existing shares of the Company were issued out of reserve to all shareholders. As a result, 214,244,424 shares were issued and approximately RMB214,244,000 was transferred from share premium in capital reserve to share capital.

(ii) The cancellation of 411,365 restricted A Shares under the 2021 Incentive Plan was completed in July 2024.

I. Discussion and Analysis on Business Operation

(I) Marketing

In 2024, the domestic pharmaceutical industry was affected by the slowdown in investment and financing, resulting in a slightly slower pace in market demand growth and intensified competition in the industry. Against this backdrop, there were fluctuations in the orders placed with the Company, nevertheless, the Company insisted on strengthening innovation in technology and business and deeply cultivating the industry. During the Reporting Period, the Company's overall orders on hand amounted to approximately RMB2.2 billion, with signed orders amounting to approximately RMB1.84 billion. The Company's marketing work in 2024 focused on:

1. Actively developing customers, resulting in a sustained growth in the number of new customers and new projects signed.

2. In the fields of anti-tumor drugs, self-immune target drugs, metabolic system drugs (especially GLP-1 target drugs), PROTAC drugs, and central nervous system (CNS) drugs, the number of new project contracts maintained an upward trend. Meanwhile, attributable to our in-vivo and in-vitro drug analysis capabilities accumulated over the years, the number of new contracts secured for small nucleic acid projects and innovative ADC projects increased significantly.

3. Relying on the one-stop service system from target discovery to clinical validation, the number of new contracts for double-antibody and multi-antibody projects and contracts for CGT drugs (especially iPSC serial cells, mRNAs, viral vector drugs and therapeutic vaccines) remained stable.

4. Challenging tests such as reproductive, carcinogenic and long-cycle animal tests continued to increase, reflecting that the Company's high quality and stable operation has provided its customers with great protection and reduced risks.

5. Orders from overseas customers basically remained stable, with signed orders amounting to approximately RMB380 million in 2024.

(II) Business Capacity Development

In 2024, the Company, as always, gave priority to the quality of business, emphasizing the standardization of business operation, aiming to ensure data authenticity and accuracy. Meanwhile, the Company continued to organize professional training and capacity enhancement programs for its staff, while strictly controlling the quality from program design, experimental process to report delivery, striving to ensure the scientificity and uniformity of our projects. In addition, the Company further optimized its project management process and quality management system, while conducting its business in a rational and orderly manner through management and technological innovation, aiming to enhance customer satisfaction and provide strong support for its further business growth.

1. Drug Non-clinical Services

In order to support the research and development of innovative drugs, the Company continued to build capabilities and improve technologies in various fields on the basis of the existing comprehensive non-clinical evaluation platform, so as to maintain the Company's leading edge in the industry and meet continuously innovative and differentiated market demands.

(1) Continuous Improvement of Quality System

In 2024, our Beijing facility successfully passed the FDA GLP on-site inspection. This is the third GLP on-site inspection of the Beijing facility by the FDA, and it is also the fifth time that the Company's two facilities (Beijing and Suzhou) have passed the FDA GLP inspection. The Company has continuously improved its quality management system and quality management methods to ensure research quality, which reflects the Company's GLP operation and management capabilities in compliance with international standards.

The Company have obtained a number of GLP qualification certifications including NMPA in China, FDA in the U.S., OECD, MFDS in South Korea and PMDA in Japan. Such a diversified international certification system not only demonstrates the Company's exceptional ability in quality management and research compliance, but also further enhances its competitiveness in global pharmaceutical research and development. The acquisition of these qualifications has not only provided strong support for the Company's expansion into overseas markets and consolidation of its overseas presence, enabling it to better serve the needs of customers in different regions, but also laid a solid foundation for it to further develop overseas markets in the future, reinforcing the implementation of its internationalization strategy, and promoting its business distribution and sustainable development globally.

(2) Further Enhancement of Business Capabilities

In the field of ophthalmic drug evaluation, the Company has further developed and optimized more ophthalmic disease models, including laser-induced mouse dry AMD model, rabbit autoimmune uveitis model, mouse retinoblastoma model, and further sorted out the Company's internal elderly non-human primate resources and spontaneous eye disease models to meet the market's diversified R&D needs. In addition, new inspection and evaluation indicators for ophthalmic drugs have been further improved, including visual function evaluation of rodents and dogs.

A steady progress has been made in the evaluation of otology drugs. Hearing impairment is one of the greatest challenges confronting the medical profession today, with the disease incidence increasing year by year, and the age of onset of the disease tending to be younger and younger, the current solution to the problem of deafness is mostly the use of hearing aids, vibrating sound bridges, and cochlear implants and other physical methods, with a lack of fundamental treatment, and so far, there is no globally approved treatment. In order to meet market demand, the Company has established auditory function evaluation for animals of different species and round window inner ear dosage technology for large animals, further enriching and improving the evaluation methods and technologies of otology drugs.

For the evaluation of central nervous system drugs, the Company has continuously improved various drug delivery methods, established long-term catheterization methods in the sheath/medullar cistern/lateral ventricle of primates, intrathecal/lateral ventricle drug delivery methods for newborn mice, and intramedullary drug delivery methods for rat/mice, and verified their effectiveness, providing guarantees for the evaluation of central nervous system drugs. The Company has also added new models for psychotropic drugs and behavioral evaluation methods, laying a solid foundation for the preclinical evaluation of central nervous system drugs.

Meanwhile, the Company continues to update and improve various models to support drug evaluation for current popular drugs, including the establishment of GLP-1, GCG and other receptor affinity detection, HPV neutralizing antibody detection methods; alanine scanning and PBMC cross-reaction tests to evaluate the off-target of immune cells in vitro, etc.

Among them, a systematic non-clinical evaluation method for GLP-1R/GCGR/GIPR target drugs has been established. We have established a complete non-clinical research system for metabolic target drugs such as GLP-1R, GCGR and GIPR, covering the whole process of methodology development from in vitro receptor binding and function detection to in-vivo drug efficacy and safety evaluation. The system can efficiently support the screening and optimization of multi-target metabolic drugs and enhance the efficiency of new drug development.

In the construction of analytical detection platforms, the construction of in vitro metabolism platform for small molecule drugs has been strengthened to systematically evaluate in-vitro metabolism research, MSD detection methods have been established for oligonucleotide drugs, mass spectrometry detection methods have been established for small molecules in drug conjugates for ADC drugs, and a platform technology for detection of PEG and cationic lipids by mass spectrometry has been established. For macromolecular drugs, from a single ELISA platform to today's various qPCR, ELISPOT, WB, FLOW and other platforms, the service capabilities are comprehensive, covering conventional biological products (antibody drugs, fusion protein drugs), gene therapy products (viral vectors), cell therapy products (stem cells, immune cells, genemodified cells, etc.), nucleic acid drugs (mRNA, siRNA, etc.) and other drugs. A large number of technical innovations have been made in analytical methods, such as using flow cytometry to detect protein expression on single cells, mass spectrometry to detect target gene expression, and droplet digital PCR platform-based detection of mRNA integrity.

On the basis of platform construction, the Company keeps up with the popular products of cutting-edge drugs, and constantly updates and improves the non-clinical safety evaluation system and ideas of innovative drugs, including the evaluation of small nucleic acid drugs, new ADC drugs and PROTAC drugs, and the evaluation of various types of cell therapy and gene therapy products; it also participates in and follows up in real time on the formulation of the latest guidelines for drug evaluation, such as the guidelines for non-clinical evaluation of stem cell products and tumor vaccine products, improves the evaluation system of corresponding categories of products, and further consolidates the core competitiveness of the Company.

(3) An Integrated New Drug R&D Platform

The Company takes supporting innovative drug development as its primary mission, accompanying customers throughout the whole R&D process, comprehensively empowering their operations and reducing their communication costs. From the development of experimental methods to high-throughput screening, from routine drug screening to in-depth research on drug mechanism of action, and further to target verification and in vitro biological testing, we provide new drug R&D organizations with key information and technical support in the early stage leveraging our comprehensive, multidisciplinary expertise and capabilities, helping our partners improve their efficiency in new drug development.

The Company has a full range of one-stop new drug development solutions which, with our drug discovery and screening platform as the core, consist of the drug discovery platform, molecular biology interaction research and screening, in-vitro bio-drug efficacy verification and activity screening, in-vivo pharmacological efficacy, in-vivo and in-vitro metabolism analysis, durability evaluation, and toxicity prediction and screening, among which, the drug discovery platform has the capability of early discovery of biopharmaceuticals, covering protein expression and cell line construction as well as the discovery of clinical candidate antibodies. After years of accumulation, the Company has established a number of cutting-edge technology platforms such as the All-Human Antibody Development Platform, Bispecific Antibody Research and Development Platform, Mono-B Cell Antibody Discovery Platform, Antibody Competence Evaluation Platform and ADC Integrated R&D Platform. Among which:

The Comprehensive Protein and Antibody R&D Platform covers every aspect of the development process, from antibody discovery to drug development. As for our protein platform, it has a variety of antibody expression systems, which supports the expression of human, rabbit, mouse, monkey and nano-antibodies, and can realize the transient expression of 300-500mg antibodies. In addition, it also provides a variety of recombinant protein expression and purification services, covering prokaryotic, eukaryotic and yeast systems, using Protein A and other labels for efficient purification. Our endotoxin-depleted animal experiment sample expression platform is able to ensure high quality and suitability of the samples.

As for our antibody discovery platform, the Company provides high-throughput antibody discovery technology based on single B-cell PCR, 10X genomics single B-cell sequencing and eukaryotic cell demonstration, which is capable of rapid screening and identification of high-affinity antibodies.

For the R&D service platform of Antibody Drug Conjugate (ADC), the Company provides one-stop service, covering antibody development, medicinal chemistry, bio-coupling and characterization, in-vivo/in-vitro pharmacological efficacy, pharmacokinetics, and toxicity evaluation starting from the target, which can provide customers with integrated ADC drug R&D service from antibody development to IND filing. We have various ADC coupling platforms and provide quality control and in-vivo/in-vitro activity evaluation of ADC molecules.

In terms of the dual-antibody platform, it supports the construction of various dual-antibody structures and facilitates the development of highly effective dual-antibody drugs.

The Company is committed to providing customers with customized and reliable solutions to help them resolve uncertainties in the stages of new drug discovery and development, standing with them in facing the challenging complexity in the new drug development process.

Overall, through multi-dimensional business capacity building and technological innovation in 2024, the Company has not only enhanced its comprehensive strength in drug research and development services but also made positive contributions to the overall advancement of the industry. Especially in 2024, as a participating unit of the National Innovation Center（國創中心）, the Company undertook the construction of the new drug evaluation sub-platform within the drug concept validation platform. The National Innovation Center is the only national manufacturing innovation center in China dedicated to molecular drugs. Leveraging its professional expertise, the Company will ensure the high-quality completion of the new drug evaluation sub-platform under the unified deployment of the National Innovation Center, supporting the National Innovation Center in integrating innovative resources within the industry and enhancing the overall competitiveness of China's pharmaceutical industry.

2. Drug Clinical Services

The Company's clinical service sector has outstanding advantages in Phase I and IIT early clinical research, in particular, it has accumulated rich experience in special fields such as gene drugs, rare diseases, reproduction, gynaecology, pediatrics, and radioactive drugs. The Company provides one-stop clinical operation services covering registration application, medical writing, project operation, and pharmacovigilance, which reduces customers' R&D costs and management costs, improves the one-time pass rate of review, saves a lot of time for project advancement, and improves customer experience.

The Company's clinical sample testing segment has achieved outstanding performance growth, and continued to improve the variety of services, covering clinical sample analysis and drug metabolism studies of innovative gene and cell therapy drugs, preventive vaccines, oncology therapeutic vaccines, innovative bispecific/multispecific antibody drugs, innovative ADC drugs, innovative PROTAC drugs, monoclonal antibody drugs with innovative targets, innovative target small molecule drugs, etc.

On this basis, the Company has further improved its service capability and quality, and achieved multiple milestones: it has enabled a number of innovative drugs to pass the on-site inspection of clinical trials conducted by the National Medical Products Administration of China (NMPA); supported the completion of the world's first patient dosing of a number of innovative gene therapy products; helped a number of innovative drug varieties enter the key clinical stage, and further improved the cellular immunity solutions to support cellular immunity research for multiple preventive biological products, oncology therapeutic vaccines (personalized and impersonality vaccine) and gene therapy products; further improved the service capabilities of the pathological testing platform, covering immunohistochemistry (IHC) and multiple immunofluorescence (MIF) technology, thus promoting biomarker discovery for innovative drugs; established the ability to detect biomarkers of neurological diseases (such as Alzheimer's disease (AD), Amyotrophic Lateral Sclerosis (ALS)); improved the service capabilities of LC-MS/MS technology to support clinical trials of nucleic acid and peptide drugs; enhanced the use of digital PCR technology in gene therapy products and cell therapy products; and also strengthened the application of automated workstations and self-assembled detection kits in clinical testing business to help continuously improve the efficiency and quality of testing. In November 2024, construction of the new clinical testing laboratory site was completed, and its full functional relocation was finalized in January 2025, significantly enhancing production capacity.

"JOINN New Drug Clinical Testing" is committed to becoming a world-class clinical testing platform, providing one-stop clinical trial sample testing services for innovative drugs in both domestic and global markets."

3. Experimental model research

The Company's experimental model research primarily covers three major categories to meet diverse research needs and application scenarios. Non-human primate experimental models, with physiological and pathological characteristics highly similar to those of humans, serve as indispensable key tools for studying complex disease mechanisms and evaluating drug safety and efficacy. Small animal experimental models, benefiting from advantages such as rapid reproduction, cost-effectiveness, and ease of management, are widely utilized in the early stages of drug research and development, providing strong support for preliminary screening and fundamental research. Meanwhile, the organoid platform, leveraging cutting-edge technology to closely replicate the physiological and pathological characteristics of human organs, offers a more precise and efficient experimental approach for drug screening, toxicity assessment, and the development of personalized medical treatment plans.

(1) Non-human primates experimental model

The Company continued its endeavor to maintain high quality and high standards of existing key experimental models. In 2024, the overall stock of non-human primate experimental models maintained a steady growth, and continued to maintain a high level of breeding and management, and the main management indicators were further upgraded and optimized. Among them, the Company has conducted systematic screening and model validation for obesity, diabetes, hyperlipidemia, atherosclerosis, neurological diseases, and ophthalmology-related diseases in the field of elderly non-human primates disease models. It has also established a research system that integrates natural morbidity models with induced models, developed an allogeneic hematopoietic stem cell transplantation (allo-HSCT) induced graft-versus-host disease (GvHD) model, as well as optimized and established the screening method for the monkey spontaneous atherosclerosis model, providing essential data support for aging disease mechanism research, drug screening, and preclinical evaluation.

(2) Small animal experimental model

In terms of gene editing, the Company has improved on the original gene-edited mouse model, upgraded the antibody diversity and affinity for the Nano-antibody mouse platform, and used the first-generation Nano-antibody mouse for Nano-antibody screening. On the basis of the immunodeficient mouse model, the Company added hepatocyte defect editing, combined with the organoid platform to upgrade it to a "liver humanized mouse model", and has now entered the final stage of "human liver function evaluation" in mice. In terms of cell models, the Company has applied for a patent (ZL 2023 1 1309170.3). It also actively upgraded its gene editing tools to create the industry's unique "HINI (Homology Independent and Navigated Insertion) Platform", laying a solid foundation for subsequent large-fragment gene editing animals and cell service businesses.

(3) Organoid platform construction

In 2024, the Company's business expanded to "human multifunctional stem cell production" and "organoid platform". Without changing the cell genome, the Company reprogrammed adult cells into pluripotent stem cells (CiPSCs) through cutting-edge chemical reprogramming technology; and differentiated iPSCs into organoids with mature liver cell functions through the organoid differentiation platform.

In order to reduce the reliance on animal experiments and improve the efficiency and accuracy of drug screening, the Company has taken the development experience of organoid platform as the foundation, and combined with rich clinical resources to actively expand the tumor organoid – drug sensitivity platform. Through tireless efforts, the Company has successfully established an in vitro drug sensitivity test using osteosarcoma organoids. This innovative achievement not only offers additional treatment possibilities and reference points for clinical therapy but also benefits patients suffering from malignant osteosarcoma. In the future, the Company plans to further commercialize the platform to serve more clinical research institutions. In addition, the Company will increase its investment in the production of organoids and organoid induction kits, with plans to bring them to market to support non-clinical research and meet the needs of enterprises and universities in iPSC reprogramming and organoid induction.

4. Drug quality research and testing business

Currently, the Company has comprehensive capabilities in research and testing of quality standards for biotechnological drugs. After years of accumulation, the Company has completed the development and validation of all relevant testing methods and established a complete service system and technical capabilities. The Company has successfully established a key technology platform for biotechnology drug quality research, and has applied for and published 12 patents based on its innovative strength. The main testing methods of the business have passed CNAS certification and GLP certification, ensuring the scientific, accurate and authoritative testing results.

The Company is able to provide quality research and testing services for a wide range of innovative drugs, including: quality research and testing of innovative drugs such as protein drugs, therapeutic vaccines, gene and cell therapy products. The scope of business covers: cell bank and virus strain bank testing, virus removal and inactivation process verification, gene and cell therapy product quality research and testing, biological activity and structural characterization analysis of recombinant protein drugs and antibody drugs, establishment of transgenic cell activity assay method, etc.

As of December 31, 2024, the Company has issued multiple test reports covering CHO/3T3 cell banks, stem cell products, NK cell products, tenecteplase activity standard collaborative calibration and in vivo animal experiment, demonstrating its strong expertise in the field of biotechnology drug quality research and testing. During the Reporting Period, the Company and CIQ jointly completed the Beijing 2022 Science and Technology Program project, and built a testing platform for JOINN new drug cells and gene products. In addition, the Company has published several articles in the Journal of Pharmaceutical Analysis, an important core journal in the domestic drug analysis field, reflecting the Company's deep technical accumulation and professional strength in this field, while highlighting its leading position in this field. Besides, the Company has already provided services to stem cell enterprises by issuing test reports in compliance with the regulatory requirements of the CDE in China and the FDA in the United States, emphasizing the Company's leading position in the industry and its international competitiveness.

(III) Staff Building

In response to the rapidly evolving industry and market, business divisions of the Company have optimized their organizational structures to enable the Company to operate its businesses more efficiently. In addition, each business division has optimized a number of management systems, providing clearer institutional support for business division management that is more in line with business development needs. In 2024, the Company attracted and introduced senior management personnel to further improve the Company's management level and provide customers with more efficient services. In the first half of 2024, the Company ushered in the 2024 Talent Development Season. Through the establishment of talent development project, the corporate talent model was built, talent strategies were formulated, high-potential/key employees were identified, and employee growth was promoted to help the Company's development. In the second half of 2024, based on the talent model, the Company developed tailored training courses to enhance the management skills of management personnel at various levels, aiming to meet the needs of the Company's continuous development and the ongoing optimization of its organizational structure. The Company also actively comprehends and applies for various national and regional talent policies to ensure the long-term stability of its talent team. As of 31 December 2024, the Company had organized a professional service team of 2,652 employees.

(IV) Production Capacity Building

JOINN Suzhou's Phase II 20,000 m^2 facilities will be gradually put into operation. The design and planning of the facilities fully combines the Company's existing facilities and changing future development needs. The layout is more reasonable and the functions are more consummate. The construction of the new facilities will further improve the Company's business throughput and provide guarantees for future business operation and performance growth. In order to better assist business development and provide employees with a more comfortable working and living environment, the construction of the 22,000 m^2 supporting facilities in Suzhou has been completed, which support various operational needs and is expected to be put into use in 2025.

According to the Company's strategic planning and business needs, the Guangzhou facility is now in the final completion and acceptance stage, which will further enhance the overall scale and quality of services after put into operation.

Guangxi Weimei is actively building a business system for NHP animal experiments, and the construction of related supporting laboratories was being actively progressed in 2024. In addition to meeting routine animal experiments, the laboratory fully considers the physiological needs of elderly experimental models in the design of rooms and cages, aiming to significantly improve the welfare level of experimental models. At the same time, the design of the laboratories also fully considers the development of models for complex diseases such as metabolic diseases and central nervous system disorders, providing a more accurate and convenient experimental platform for the study of the mechanisms of these diseases and for drug research and development.

II. Financial Review

Overview

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

Revenue

During the Reporting Period, revenue generated from our non-clinical studies services accounted for substantially all of our total revenue. The Group's revenue for the year ended 31 December 2024 was RMB2,018.3 million, representing a decrease of 15.1% compared to RMB2,376.5 million for the year ended 31 December 2023. The decrease was primarily driven by a reduction in project unit prices due to intensified competition.

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

	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Non-clinical studies services	**1,917,487**	**95.0**	2,308,999	97.1
Clinical trial and related services	**99,940**	**5.0**	63,424	2.7
Sales of research models	**907**	**–**	4,064	0.2
Total Revenue	**2,018,334**	**100.0**	2,376,487	100.0

Cost of Services

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

The Groups' cost of services for the year ended 31 December 2024 was RMB1,512.8 million, representing an increase of 8.3% compared to RMB1,397.1 million for the year ended 31 December 2023. Our cost of services remained relatively stable for the year ended 31 December 2024.

Gross Profit and Gross Profit Margin

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

For the year ended 31 December 2024, the gross profit and gross profit margin was RMB505.5 million and 25.0%, respectively, as compared to RMB979.4 million and 41.2%, respectively, for the year ended 31 December 2023. The decrease in gross profit was mainly driven by our decreased gross profit of our non-clinical studies services, which accounted for substantially all of our total revenue during the Reporting Period. Our gross profit margin decreased for the year ended 31 December 2024, primarily driven by a reduction in project unit prices due to intensified competition.

Other Gains and Losses, Net

For the year ended 31 December 2024, other gains and losses, net was RMB161.2 million, represent a decrease of 33.0% as compared to RMB240.5 million for the year ended 31 December 2023. The decrease in other gains and losses, net was primarily due to the decrease in interest income and the negative change in fair value of financial assets at FVTPL.

For the year ended 31 December 2024, the interest income was RMB103.2 million, represent a decrease of 27.6% as compared to RMB142.5 million for the year ended 31 December 2023. The decrease was primarily due to the decreasing deposit rate and increasing purchase of RMB wealth management products.

At the end of the Reporting Period, we recognized loss of RMB4.1 million arising from change in fair value of financial assets at FVTPL, representing a decrease of 109.5% as compared to gains of RMB43.2 million for the year ended 31 December 2023. This result was primarily driven by valuation changes in our equity investments and fund investments.

Losses arising from changes in fair value of biological assets

For research models that remained as our biological assets at the end of the Reporting Period, we recognized loss of RMB122.9 million arising from changes in fair value of biological assets for the year ended 31 December 2024, as compared to loss of RMB288.8 million for the year ended 31 December 2023. The decrease in loss was primarily due to a deceleration in the decline of the unit fair value of biological assets, aligning with the overall decrease in the market valuation of research models.

Selling and Marketing Expenses

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

The Group's selling and marketing expenses for the year ended 31 December 2024 was RMB27.9 million, representing an increase of 13.3% compared to RMB24.6 million for the year ended 31 December 2023. The rise in selling and marketing expenses was primarily driven by higher costs in customer development due to intensified competition.

General and Administrative Expenses

Our general and administrative expenses primarily consist of staff costs relating to our administrative and management personnel, office expenses, depreciation and amortization expenses, expenses for research models and others. The Group's general and administrative expenses for the year ended 31 December 2024 was RMB315.9 million, representing an increase of 6.6% compared to RMB296.5 million for the year ended 31 December 2023. Our general and administrative expenses remained relatively stable for the year ended 31 December 2024.

Research and Development Expenses

The research and development expenses for our Group primarily consist of staff costs relating to our research and development projects and the cost of raw materials used for research and development.

The Group's research and development expenses for the year ended 31 December 2024 was RMB92.9 million, representing a decrease of 4.1% compared to RMB96.9 million for the year ended 31 December 2023. Our research and development expenses remained relatively stable for the year ended 31 December 2024.

Finance Costs

The Group's finance costs for the year ended 31 December 2024 was RMB2.4 million, representing a decrease of 22.1% compared to RMB3.1 million for the year ended 31 December 2023. The decrease in finance costs was primarily due to the decrease in interest on lease liabilities.

Income Tax Expense

The Group's income tax expense for the year ended 31 December 2024 was RMB34.3 million, representing a decrease of 70.3% compared to RMB115.4 million for the year ended 31 December 2023. The decrease was primarily due to the decrease in profits.

The Group's effective tax rate for the year ended 31 December 2024 was 33.3% (for the year ended 31 December 2023: 22.8%). The increase was primarily due to the decreased losses arising from negative changes in fair value of biological assets with relatively low tax rate.

Profit for the Year

As a result of the foregoing reasons, our profit for the year decreased by 82.2% from RMB391.6 million for the year ended 31 December 2023 to RMB69.8 million for the year ended 31 December 2024. Our net profit margin decreased from 16.5% for the year ended 31 December 2023 to 3.5% for the year ended 31 December 2024. The decrease in net profit was primarily due to the decreased gross profit discussed above.

Capital Management

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

Liquidity and Financial Resources

The Group's cash and cash equivalent as at 31 December 2024 were RMB965.2 million, representing a decrease of 66.3% compared to RMB2,862.9 million for the year ended 31 December 2023. The decrease was primarily due to the purchase of financial assets at FVTPL.

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

Gearing ratio

As at December 31, 2024, the gearing ratio, calculated as total liabilities over total assets, was 14.0%, as compared with 17.4% as at December 31, 2023. The decrease was primarily due to the decrease in contract liabilities which represent amounts received in advance from the customers.

Foreign Exchange Exposure

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

III. Discussions and Analyses on the Company's Future Development

(I) Industry Landscape and Trends

The CRO industry in China has evolved from its infancy to a stage of rapid development and is currently in a transition period from rapid development to high-quality development. Chinese CRO enterprises have been making continuous progress in technological innovation and industrial integration. They have not only gradually narrowed the gap with international leading enterprises, but also demonstrated significant cost advantages. The changing trends in the domestic CRO industry's competitive pattern are mainly reflected as follows:

Full-industrial-chain business layout and comprehensive competitiveness: Numerous CROs are seeking to expand their service areas and form one-stop services to increase revenue and mitigate risks, and to compete against specialized competitors in niche fields with their comprehensive competitive strength. The construction of full-industrial-chain service capabilities includes services such as drug discovery, pharmaceutical research, pharmacology and toxicology research, clinical research, product production and sales, as well as extended services like inspection and testing, animal production and reagent production.

Internationalized services: CRO services are oriented towards the global market, and the main arenas for drug R&D are developed countries such as those in Europe, America and Japan. Domestic CROs are all seeking to go global, striving to establish and enhance their international service capabilities. They obtain the necessary industry-related certifications in accordance with international standards, actively deploy and explore international markets, and even establish overseas branch service institutions (including experimental facilities).

Merger and reorganization: Currently, there are a large number of enterprises in the industry. Most enterprises in the industry suffer from shortcomings such as incomplete qualification certifications, small-scale facilities and weak technology strength. With the continuous development of the CRO industry and the continuous strengthening and improvement of industry regulatory policies, market competition will become increasingly fierce, and industry entry barriers will continue to rise. Small and medium-sized CRO institutions lacking core competitiveness will gradually withdraw from the market, and the trend of industry integration, mergers, and acquisitions will become more and more prominent.

(II) Development Strategy of the Company

The Company's overall development strategy is as follows: Taking drug non-clinical evaluation services as its core business, the Company actively expands upstream and downstream service capabilities, including drug early-stage discovery, drug screening, cell testing, clinical CRO services, clinical testing services, etc. It also expands the production scale and capacity of experimental models, creating a unique golden industrial chain of non-clinical safety evaluation, clinical trials and related services, and high-quality experimental model supply, and providing one-stop services. Guided by market demand, the Company actively develops new technologies and methods to meet the needs of innovative drugs, forming new service advantages. It further enhances its international service capabilities to participate in global competition. Ultimately, it aims to build itself into a comprehensive CRO company with international competitiveness.

(III) Business Plan

1. Drug Non-clinical Services

(1) The Company will increase business investment, continuously develop and introduce new technologies and methods to improve service quality standards and accelerate business development. Meanwhile, it will continuously optimize the internal management system to enhance service efficiency. In addition, to achieve higher performance targets, the Company will further expand production capacity and strengthen staff building. Through a series of measures, we will continuously consolidate and enhance the Company's market share and leading position in the field of drug non-clinical services. In 2025, the Company will continue to make efforts in multiple key areas to promote the high-quality development of its businesses. Firstly, we will continue to improve our capabilities in pharmacology and toxicology research and evaluation, and further enhance project management capabilities and project operation efficiency. At the same time, the Company will increase investment and continuously promote the optimization of work processes based on artificial intelligence to improve labor productivity and service quality, ensuring the continuous improvement of service standards. Moreover, the Company will fully ensure the smooth operation of new experimental facilities, continuously improve the GLP system, enhance regulatory compliance levels, and ensure that all work is

carried out smoothly and in compliance. Through these comprehensive measures, the Company will provide more efficient and better services to customers and further consolidate its leading position in the industry.

(2) Based on the existing pharmacology and toxicology technology system, the Company will continuously enrich and improve the evaluation platform and technology system to meet the non-clinical evaluation needs of drugs with new targets and new technologies. It will strengthen the construction of new capabilities in otology drug evaluation, small nucleic acid metabolite analysis, etc., and continuously improve disease models of the respiratory system and central nervous system. It will improve drug screening service capabilities, provide comprehensive biological services and solutions, keep up with the trends and hotspots of domestic and foreign new drug R&D, provide high-throughput screening and customized services for customers, closely follow the R&D process of customers, and establish a rapid and efficient screening platform. It will expand its capabilities in the biological evaluation of medical devices and the toxicology evaluation of veterinary drugs and pet drugs. The Company will actively explore the possibility of mergers and acquisitions and adopt various cooperation methods to quickly establish R&D capabilities, seize the market, and form new points of profit growth.

(3) The drug discovery services segment will integrate multiple technological approaches to provide customers with early R&D services from target screening verification to preclinical candidate compound (PCC), which includes: focusing on antibody drug development, developing intelligent antibody discovery systems; constructing a multi-dimensional efficacy evaluation matrix, in-vitro biological platform and in-vivo/in-vitro pharmacological & efficacy platforms that cover multiple disease models and animal models; optimizing ADME and PK-PD service systems that meet FDA/EMA requirements, developing ultra-sensitive LC-MS/MS-based bioanalytical techniques, and constructing cross-species PDPK model prediction systems; conducting early toxicity prediction and screening, developing stem cell-based liver/kidney toxicity prediction models and an AI-driven toxicity warning platform.

(4) The development of the international market is an important development strategy for the Company and a key support for maintaining sustained and rapid growth. The Company will promote internationalization through the following measures: Integrate the upstream and downstream chains to provide one-stop non-clinical services, divert early-stage R&D and screening projects to China for safety evaluation (GLP business), and use the rich experimental resources and efficient management in China to provide cost-effective services for overseas drug R&D enterprises; Strengthen overseas market promotion, formulate effective strategies, improve the capabilities of

the sales team, deeply explore the needs of potential customers, and improve the overseas market sales system; strengthen the construction of the international business team, recruit and train professional talents with an international background, and improve cross-cultural communication and service capabilities; build an international brand image, win customer reputation through high-quality services, enhance brand reputation and international market visibility, and use the Hong Kong stock platform to expand overseas brand promotion.

(5) Increase talent cultivation and introduction. In 2025, the Company will focus on strategic needs, strengthen staff building, and focus on introducing and cultivating domestic and abroad high-end and compound talents to reserve strength for future development. At the same time, it will optimize the performance appraisal system, strengthen the application of results, and stimulate employees' motivation; dynamically adjust the salary and welfare system to enhance the salary competitiveness of core positions and key talents, attracting and retaining outstanding talents. In addition, the Company will also promote the digital construction of human resources, strengthen the digital and intelligent transformation of various modules, use big data analysis to support talent strategy decision-making, and improve management efficiency.

2. Drug Clinical Services

Leveraging its existing non-clinical business, customer resources, and the in-depth understanding of drug safety by its professional technical team as well as the full knowledge of GLP and GCP, the Company will gradually strengthen the following aspects:

(1) Brand building for early-stage clinical trials of innovative drugs. By leveraging the project resources of its non-clinical business, and giving full play to the experience advantages of the expert team, the Company will closely cooperate with more early-stage clinical bases, provide precise clinical development strategies and medical plan designs for early-stage clinical projects of innovative drugs, and through high-quality and efficient clinical operations, help R&D enterprises save R&D time and promote projects to enter confirmatory clinical trials quickly.

(2) Broaden the scope of clinical testing services, increase the capabilities and qualifications of medical testing laboratories, and expand the scale of the clinical testing team to better support the development of the overall clinical business.

(3) Strengthen the construction of the clinical operation team to ensure operation and delivery capabilities. Through efficient management and internal training system, improve the project management capabilities of the operation team, enhance project operation quality, and establish a guarantee mechanism for on-time delivery.

(4) Improve international registration capabilities. To meet the overseas application needs of customers, the Company continues to enhance its dual-registration capabilities in China and the United States, helping more new drug R&D enterprises complete their product export plans.

3. Experimental Model Research

In order to promote innovation and development in the biopharmaceutical field, the Company will increase investment in innovation, especially in the construction and application of new experimental models and organoids. The Company will actively respond to national policy support and conduct innovative explorations in tumor research and new drug development using organoid technology. Through these investments and constructions, the Company can not only enhance its competitiveness in the biopharmaceutical field, but also provide more efficient and accurate experimental models for the industry, facilitating the rapid development of new drug R&D and clinical applications.

(1) To ensure the stable supply of non-human primates experimental models, the Company will further promote the development of innovative technologies, continuously advance innovation in the experimental model business, and improve the regulated and standardized quality assurance system for experimental models. Firstly, the Company will optimize the population structure of non-human primates to increase productivity and ensure the stable supply of experimental models. Secondly, the Company will vigorously conduct the development of elderly non-human primates disease models, especially in fields such as obesity, diabetes, hyperlipidemia, atherosclerosis, nervous system diseases and ophthalmic-related diseases. Through strict genetic screening and environmental control, the innovative models that highly simulate the pathological characteristics of human diseases will be developed, providing strong technical support for disease mechanism research, drug screening and pre-clinical evaluation.

(2) Building on the liver humanized mouse model to support liver disease drug development; maximizing the advantages of immunodeficient mouse models, the Company plans to launch more immune cell humanized mouse models in 2025; providing proprietary oncogenic mouse models to support drug safety evaluation.

(3) The Company will also increase investment in the construction of the organoid platform, combine more clinical resources, further improve and optimize existing technologies, and promote the developed organoid platform to the market to serve more clinical research institutions. Meanwhile, the drug sensitivity platform will be expanded to cover more tumor organoids, benefiting more tumor patients.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the principles and code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"), and has complied with the applicable code provisions throughout the year ended 31 December 2024.

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

Further information concerning the corporate governance practices of the Company will be set out in the corporate governance report in the annual report of the Company for the year ended 31 December 2024.

Compliance with Model Code

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "**Model Code**"). Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the year ended 31 December 2024.

Use of Proceeds from the Global Offering

The H shares of the Company (the "**Shares**") were listed on the Stock Exchange on 26 February 2021 and the over-allotment option described in the Prospectus was partially exercised on 19 March 2021 in respect of an aggregate of 40,800 H Shares, issued and allotted by the Company at HK$151.00 per H Share on 24 March 2021. The Company obtained net proceeds in connection with the exercise of the global offering and the exercise of the over-allotment option amounted to approximately HK$6,373.6 million (equivalent to approximately RMB5,285.2 million) (after deducting the underwriting commissions and other estimated expenses in connection with the exercise of the global offering and the over-allotment option) (the "**Net Proceeds**").

Having considered (i) the reasons as stated in the announcement in the relation to proposed change in use of the Net Proceeds dated 28 April 2022, and (ii) the reasons stated in the announcement in the relation to proposed change in use of the Net Proceeds dated 30 August 2023, and (iii) the reasons stated in the announcement in the relation to proposed change in use of the Net Proceeds dated 20 December 2024, in order to better utilize the financial resources of the Group and to capture favorable investment opportunities, the Board has reviewed the utilization plan of the Net Proceeds and resolved to re-allocate part of the Net Proceeds.

For the period from the Listing Date up to 31 December 2024, the Company has used RMB2,747.2 million for the following purposes.

Use of Proceeds	Approximate percentage of the total amount *(%)*	Original allocation of the Proceeds *(RMB million)*	New allocation of the proceeds *(RMB million)*	Amount of net proceeds utilized as at 31 December 2024 *(RMB million)*	Amount of net proceeds utilised during the Reporting Period *(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 re-allocation
(A) Expand the capacity of our Suzhou facilities for non-clinical Studies	**16.0**	**845.6**	**57.7**	**57.7**	**–**	**–**	
(i) Renovating our existing laboratory and research model facilities in Suzhou	7.9	417.5	16.0	16.0	–	–	
(ii) constructing the infrastructure of our new facilities in Suzhou	1.7	89.8	36.7	36.7	–	–	
(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	5.0	–	–	
(iv) upgrading our technical and scientific research capabilities with international background at our Suzhou facilities	0.9	47.6	–	–	–	–	
(B) Strengthen our U.S. operations to cater to the rising customer demand for services provided by Biomere	**10.0**	**528.5**	**751.7**	**294.9**	**58.4**	**456.8**	
(i) upgrading our existing facilities and service team in northern California	7.6	401.7	401.7	153.4	37.9	248.3	By the end of 2028
(ii) investing in business development efforts, expanding service teams and upgrading laboratory equipment for Biomere	2.4	126.8	350.0	141.5	20.5	208.5	By the end of 2028

Use of Proceeds	Approximate percentage of the total amount *(%)*	Original allocation of the Proceeds *(RMB million)*	New allocation of the proceeds *(RMB million)*	Amount of net proceeds utilized as at 31 December 2024 *(RMB million)*	Amount of net proceeds utilised during the Reporting Period *(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 re-allocation
(C) Further expand our facility network and service capabilities in China	**39.0**	**2,061.3**	**1,264.3**	**233.4**	**40.6**	**1,030.9**	
(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	500.0	186.4	34.4	313.6	By the end of 2027
(ii) building the Phase I of our new laboratories, research model breeding facilities and clinical operations in Chongqing	17.0	898.5	500.0	11.7	0.2	488.3	By the end of 2028
(iii) enhancing our technical and scientific research capabilities at our Guangzhou and Chongqing facilities	2.6	137.4	137.4	35.3	6.0	102.1	By the end of 2028
(iv) developing cutting-edge laboratory and research model technologies	2.4	126.9	126.9	–	–	126.9	By the end of 2028
(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**	**33.1**	**33.1**	**0.1**	**–**	

Use of Proceeds	Approximate percentage of the total amount *(%)*	Original allocation of the Proceeds *(RMB million)*	New allocation of the proceeds *(RMB million)*	Amount of net proceeds utilized as at 31 December 2024 *(RMB million)*	Amount of net proceeds utilised during the Reporting Period *(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 re-allocation
(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	8.4	8.4	0.1	–	
(ii) investing in business development efforts for our growing clinical trial business	0.4	21.2	–	–	–	–	
(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	24.7	24.7	–	–	

Use of Proceeds	Approximate percentage of the total amount *(%)*	Original allocation of the Proceeds *(RMB million)*	New allocation of the proceeds *(RMB million)*	Amount of net proceeds utilized as at 31 December 2024 *(RMB million)*	Amount of net proceeds utilised during the Reporting Period *(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 re-allocation
(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**	**2,649.9**	**1,895.7**	**35.7**	**754.2**	**By the end of 2028**
(F) Working capital and general corporate purposes	**10.0**	**528.5**	**528.5**	**232.4**	**–**	**296.1**	

Significant Investment Held

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

Material Acquisition and Disposal of Subsidiaries, Associates and Joint Ventures

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

Employee and Remuneration Policy

As at 31 December 2024, the Group had 2,652 employees, whose salaries and allowances were determined based on their performance, experience and the then prevailing market rates. We have also invested in continuing education and training programs, including internal and external training, for our management staff and other employees to upgrade their skills and knowledge. We also provide competitive salaries, project and stock incentive plans to our employees especially key employees.

During the Reporting Period, the total staff costs (including Director's emoluments) were approximately RMB639.2 million (for the same period in 2023: RMB634.1 million).

Future Plans for Material Investments

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

Purchase, Sale or Redemption of Listed Securities

On 27 February 2024, at the first extraordinary general meeting of shareholders of 2024, the first A share class meeting of 2024 and the first H share class meeting of 2024 of the Company, the Shareholders have resolved and approved termination of the 2021 Incentive Scheme and repurchase and cancellation of the restricted A shares granted but not yet unlocked.

The Company has applied to open a designated account for share repurchase (account number: B882377509) in Shanghai Branch of China Securities Depository and Clearing Corporation Limited and applied to Shanghai Branch of China Securities Depository and Clearing Corporation Limited for the repurchase and transfer of 411,365 restricted A shares granted to the above incentive participants but not yet released from restricted sale. The repurchase price was RMB42.37 per A share. The repurchase and cancellation of the restricted A shares has completed on 11 July 2024.

On 28 March 2024, the seventh meeting of the fourth session of the Board of Directors of the Company was convened, at which it considered and approved the Resolution on the A Share Repurchase Plan by Way of Centralized Bidding Transactions of JOINN, to repurchase A Shares of the Company at no less than RMB50 million (inclusive) and no more than RMB100 million (inclusive) for the purpose of equity incentive or employee stock ownership plans. As of 2024, the Company has repurchased 2,656,100 A Shares for an aggregate consideration of RMB42,658,273.40 (excluding transaction fees).

The details of the repurchase of the Company's A Shares during the Reporting Period are set out below:

Repurchase month in 2024	**Number of repurchase**	**Highest price per share** *(RMB)*	**Lowest price per share** *(RMB)*	**Total amount (Excluding transaction fees)** *(RMB)*
May	1,625,600	18.15	15.20	26,708,394.40
June	110,000	14.93	13.35	1,568,749.00
September	367,500	13.53	13.20	4,918,841.00
December	553,000	17.28	16.79	9,462,289.00
Total	2,656,100			42,658,273.40

During the Reporting Period, the Company repurchased 6,174,000 H Shares through trust for an aggregate consideration of HK$55,734,805.00 in accordance with the rules of the Share Incentive Scheme (H Shares).

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

Capital Expenditure and Commitments

The Group's capital expenditures in 2024 primarily related to purchase of property, plant and equipment in relation to the expansion and enhancement of our facilities. In 2024, the Group incurred RMB264.0 million in relation to capital expenditures as compared to RMB186.9 million in 2023.

Contingent Liabilities

The Group had no material contingent liabilities as at 31 December 2024.

Charges on Group Assets

As at 31 December 2024, the Group did not have any material charges over its assets.

FINAL DIVIDEND

The Board proposed a profit distribution plan for the year ended 31 December 2024 (the "**2024 Profit Distribution Plan**") as follows: a dividend of RMB0.03 (2023: RMB0.16) per ordinary share to shareholders on the record date for determining the shareholders' entitlement to the 2024 Profit Distribution Plan. Based on the total issued 749,477,334 Shares of the Company as of the date of this announcement, 3,303,034 A Shares were repurchased by the Company and ineligible for inclusion in the 2024 Profit Distribution Plan, therefore 746,174,300 Shares are eligible for the 2024 Profit Distribution Plan and the proposed final dividend in an aggregate amount was approximately RMB22,385,229 (2023: RMB119,977,000).

The final dividend proposed after the end of the Reporting Period has not been recognised as a liability or transferred from reserve at the end of the Reporting Period. The 2024 Profit Distribution Plan is subject to, amongst others, the approval by Shareholders at the forthcoming annual general meeting (the "**AGM**"). The above profit distribution is expected to be paid to the eligible Shareholders no later than 31 August 2025.

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 AGM.

The Company will 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.

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.

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.

Information regarding the book closure period and record date to determine the entitlement to the 2024 Profit Distribution Plan and the detailed tax arrangement will be announced in due course.

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

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

AUDIT COMMITTEE REVIEW OF FINANCIAL STATEMENTS

The Company has established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal controls system of our Group, review and approve connected transaction (if any) and provide advice and comments to the Board. The Audit Committee comprises three members, namely Mr. YANG Changyun, Mr. ZHANG Fan and Mr. YANG Fuquan, with Mr. YANG Changyun (being our independent non-executive Director with the appropriate professional qualifications) as chairperson of the Audit Committee.

The Audit Committee has considered and reviewed the audited consolidated annual results of the Group for the year ended 31 December 2024 and the accounting principles and practices adopted by the Group, and has discussed with management on issues in relation to internal control, risk management and financial reporting. The Audit Committee is of the opinion that the audited consolidated annual results of the Group for the year ended 31 December 2024 are in compliance with the relevant accounting standards, laws and regulations.

SCOPE OF WORK OF THE AUDITOR

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, KPMG, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by the auditor on the preliminary announcement.

SUBSEQUENT EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events from 31 December 2024 to the date of this announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

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

The 2024 annual report of the Company containing all relevant information required under the Listing Rules will be published on the websites of the Company and the Hong Kong Stock Exchange in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

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

Hong Kong, Friday, 28 March 2025

As at the date of this announcement, the Board comprises Ms. Feng Yuxia as the Chairperson and executive Director, Mr. Gao Dapeng, Ms. Sun Yunxia, Ms. Luo Xi and Mr. Gu Jingliang as executive Directors, and Mr. Zhang Fan, Mr. Yang Fuquan, Mr. Yang Changyun and Mr. Ying Fangtian as independent non-executive Directors.