JOINN LABORATORIES (CHINA) CO., LTD.

北京昭衍新藥研究中心股份有限公司

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

(Stock code: 6127)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the "**Board**") of directors (the "**Director(s)**") of JOINN Laboratories (China) Co., Ltd. (the "**Company**") is pleased to announce the unaudited condensed interim results of the Company and its subsidiaries (the "**Group**", "**we**", "**our**", "**us**" or "**JOINN Labs**") for the six months ended 30 June 2024 (the "**Reporting Period**"), together with comparative figures for the same period of 2023.

FINANCIAL HIGHLIGHTS

For the six months ended 30 June 2024, the Group recorded the following unaudited results:

	Six months ended 30 June 2024 ***RMB'000*** **(Unaudited)**	Six months ended 30 June 2023 *RMB'000* (Unaudited)	Period-to-period change
Revenue	**849,357**	1,012,077	-16.1%
Gross profit	**211,301**	447,799	-52.8%
(Loss)/profit for the period	**(172,238)**	89,508	-292.4%
(Loss)/profit for the period attributable to equity shareholders of the Company	**(169,742)**	90,627	-287.3%
Net assets attributable to equity shareholders of the Company	**7,916,013**	8,018,014	-1.3%

INTERIM RESULTS

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2024, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	**Six months ended 30 June 2024** ***RMB'000*** **(Unaudited)**	Six months ended 30 June 2023 *RMB'000* (Unaudited)
Revenue	*4*	**849,357**	1,012,077
Cost of services		**(638,056)**	(564,278)
Gross profit	*4(b)*	**211,301**	447,799
Other gains and losses, net	*5*	**80,124**	99,769
Losses arising from changes in fair value of biological assets		**(254,441)**	(198,770)
Selling and marketing expenses		**(12,163)**	(11,866)
General and administrative expenses		**(168,555)**	(159,703)
Research and development expenses		**(47,840)**	(56,933)
(Loss)/profit from operations		**(191,574)**	120,296
Finance costs	*6(a)*	**(1,249)**	(1,681)
Share of gains/(losses) of an associate		**15,472**	(1,679)
(Loss)/profit before taxation	*6*	**(177,351)**	116,936
Income tax benefit/(expense)	*7*	**5,113**	(27,428)
(Loss)/profit for the period		**(172,238)**	89,508
Other comprehensive income for the period (after tax)			
Items that will not be reclassified to profit or loss:			
– Equity investments at fair value through other comprehensive income ("**FVOCI**") – net movement in fair value reserve (non-recycling)		**–**	–
Items that may be reclassified subsequently to profit or loss			
– Exchange differences on translation of financial statements of foreign operations		**3,025**	13,252
		3,025	13,252
Total comprehensive (expense)/income for the period		**(169,213)**	102,760

	Notes	**Six months ended 30 June 2024 *RMB'000* (Unaudited)**	Six months ended 30 June 2023 *RMB'000* (Unaudited)
(Loss)/profit for the period attributable to:			
Equity shareholders of the Company		**(169,742)**	90,627
Non-controlling interests		**(2,496)**	(1,119)
(Loss)/profit for the period		**(172,238)**	89,508
Total comprehensive (expense)/income for the period attributable to:			
Equity shareholders of the Company		**(166,717)**	103,879
Non-controlling interests		**(2,496)**	(1,119)
Total comprehensive (expense)/income for the period		**(169,213)**	102,760
(Loss)/earnings per share	*8*		
Basic (RMB)		**(0.23)**	0.12
Diluted (RMB)		**(0.23)**	0.12

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**At 30 June 2024** ***RMB'000*** **(Unaudited)**	At 31 December 2023 *RMB'000* (Audited)
Non-current assets			
Property,plant and equipment		**1,357,783**	1,303,491
Intangible assets		**43,869**	47,800
Interest in an associate		**–**	19,529
Goodwill		**136,854**	136,007
Biological assets		**400,440**	558,874
Financial assets at FVOCI		**159,840**	159,840
Financial assets at fair value through profit or loss ("**FVTPL**")	*10*	**615,111**	587,784
Certificates of deposits		**1,380,647**	30,832
Other non-current assets		**36,330**	32,784
Deferred tax assets		**37,516**	28,251
		4,168,390	2,905,192
Current assets			
Inventories		**185,603**	184,593
Contract costs		**843,425**	772,739
Biological assets		**603,116**	905,749
Contract assets		**108,670**	127,172
Trade and bills receivables	*11*	**209,419**	212,888
Prepayments and other receivables		**156,403**	149,070
Certificates of deposits		**–**	1,533,490
Financial assets at FVTPL	*10*	**1,228,053**	373,354
Cash at bank and on hand		**2,158,195**	2,862,912
		5,492,884	7,121,967
Current liabilities			
Trade payables	*12*	**64,587**	43,323
Contract liabilities		**1,128,532**	1,151,974
Other payables		**282,606**	203,215
Lease liabilities		**27,926**	27,500
Income tax payable		**14,544**	41,353
		1,518,195	1,467,365
Net current assets		**3,974,689**	5,654,602
Total assets less current liabilities		**8,143,079**	8,559,794

	Notes	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Non-current liabilities			
Lease liabilities		**28,959**	41,925
Deferred tax liabilities		**128,282**	162,341
Deferred income		**70,596**	74,487
		227,837	278,753
NET ASSETS		**7,915,242**	8,281,041
CAPITAL AND RESERVES			
Share capital	*13*	**749,889**	749,889
Reserves		**7,166,124**	7,529,427
Total equity attributable to equity shareholders of the Company		**7,916,013**	8,279,316
Non-controlling interests		**(771)**	1,725
TOTAL EQUITY		**7,915,242**	8,281,041

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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 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 BASIS OF PREPARATION

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

The interim condensed consolidated financial information has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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

The interim condensed consolidated financial information contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The interim condensed consolidated financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

The financial information relating to the financial year ended 31 December 2023 that is included in the interim condensed consolidated financial information as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements.

3 CHANGES IN ACCOUNTING POLICIES

The Group has applied the following amendments to IFRSs issued by the IASB to the interim condensed consolidated financial information 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*
- Amendments to IAS 16, *Leases: Liability in a sale and leaseback*
- Amendments to IAS 7, *Cash flow statement* and IFRS 7, *Financial instruments: Disclosure: 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.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group is principally engaged in providing non-clinical drug safety assessment services to pharmaceutical and biotechnology companies. Further details regarding the Group's principal activities are disclosed in Note 4(b). Disaggregation of revenue from contracts with customers within the scope of IFRS 15 by major service lines is as follows:

	Six months ended 30 June 2024	Six months ended 30 June 2023
	RMB'000	*RMB'000*
Rendering services:		
Non-clinical studies services	**809,704**	976,681
Clinical trial and related services	**39,653**	31,332
Sales of goods:		
Sales of research models	**–**	4,064
	849,357	1,012,077

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

As at 30 June 2024, the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied were RMB2,900 million (31 December 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 and 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.

	Six months ended 30 June 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	**809,704**	**9,468**	**–**	**819,172**
Over time	**–**	**30,185**	**–**	**30,185**
Revenue from external customer	**809,704**	**39,653**	**–**	**849,357**
Inter-segment revenue	**427**	**–**	**226,740**	**227,167**
Reportable segment revenue	**810,131**	**39,653**	**226,740**	**1,076,524**
Reportable segment gross profit	**196,940**	**9,996**	**9,276**	**216,212**

	Six months ended 30 June 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	976,681	21,740	4,064	1,002,485
Over time	–	9,592	–	9,592
Revenue from external customer	976,681	31,332	4,064	1,012,077
Inter-segment revenue	1,091	–	81,273	82,364
Reportable segment revenue	977,772	31,332	85,337	1,094,441
Reportable segment gross profit	432,375	10,021	2,922	445,318

(ii) Reconciliations of reportable segment gross profit

	Six months ended 30 June 2024	Six months ended 30 June 2023
	RMB'000	*RMB'000*
Reportable segment gross profit	**216,212**	445,318
Elimination of inter-segment gross (profit)/loss	**(4,911)**	2,481
Consolidated gross profit	**211,301**	447,799

(iii) Geographic information

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

	Six months ended 30 June 2024	Six months ended 30 June 2023
	RMB'000	*RMB'000*
The PRC	**614,120**	722,607
The others	**235,237**	289,470
	849,357	1,012,077

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.

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
The PRC	**1,569,751**	1,726,507
The USA	**369,195**	339,194
	1,938,946	2,065,701

5 OTHER GAINS AND LOSSES, NET

	Six months ended 30 June 2024	Six months ended 30 June 2023
	RMB'000	*RMB'000*
Government grants (including amortisation of deferred income)	**9,571**	15,108
Interest income	**61,632**	60,861
Net foreign exchange (loss)/gain	**(213)**	15,081
Net loss on disposal of property, plant and equipment	**(555)**	(100)
Gains on financial assets at FVTPL	**12,548**	7,523
Change in fair value of financial assets at FVTPL	**(2,749)**	1,099
Others	**(110)**	197
	80,124	99,769

6 (LOSS)/PROFIT BEFORE TAXATION

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

(a) Finance costs

	Six months ended 30 June 2024	Six months ended 30 June 2023
	RMB'000	*RMB'000*
Interest on interest-bearing borrowings	**–**	85
Interest on lease liabilities	**1,249**	1,596
	1,249	1,681

(b) Staff costs

	Six months ended 30 June 2024	Six months ended 30 June 2023
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**260,622**	264,758
Contributions to defined contribution retirement schemes	**23,673**	23,422
Equity-settled share-based payment expenses	**–**	3,156
	284,295	291,336

The employees of the Company and the subsidiaries of the Group established in the PRC participate in a defined contribution retirement benefit scheme managed by the local government authority, whereby these companies are required to contribute to the scheme at certain rates of the employees' basic salaries. Employees of these companies are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the abovementioned retirement scheme at their normal retirement age. The Group has a defined contribution plan in the USA where participating employees may contribute to the plan 7.65% of their eligible annual compensation as defined in the plan, up to the limit of USD168,600 in 2024. The Group also makes a matching contribution of participants' elective deferral contribution of 100% of the first 5% of eligible participant contributions in the USA. Contributions to the schemes vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

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

(c) Other items

	Six months ended 30 June 2024 *RMB'000*	Six months ended 30 June 2023 *RMB'000*
Amortisation of intangible assets	**4,268**	3,754
Depreciation charge		
– Self-owned property, plant and equipment	**41,184**	37,373
– Right-of-use assets	**15,151**	16,088
Recognition of expected credit loss	**8,167**	4,084
Cost of inventories	**335,968**	339,397

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

	Six months ended 30 June 2024 *RMB'000*	Six months ended 30 June 2023 *RMB'000*
Current tax		
Provision for the period	**38,264**	53,350
	38,264	53,350
Deferred tax		
Origination and reversal of temporary differences	**(43,377)**	(25,922)
	(5,113)	27,428

8 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of RMB169,742,000 (Six months ended 30 June 2023: the profit of RMB90,627,000) and the weighted average number of ordinary shares calculated as below:

	Six months ended 30 June 2024	Six months ended 30 June 2023
Issued ordinary shares at 1 January	**749,888,699**	535,678,676
Issue of shares under bonus issue in 2023	**–**	214,090,076
Effect of restricted shares	**(411,365)**	(453,487)
Weighted average number of ordinary shares at 30 June	**749,477,334**	749,315,265

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

(b) Diluted (loss)/earnings per share

The calculation of the diluted (loss)/earnings per share is based on the loss attributable to equity shareholders of the Company of RMB169,742,000 (Six months ended 30 June 2023: the profit of RMB90,627,000), and the weighted average number of ordinary shares (diluted) calculated as below:

	Six months ended 30 June 2024	Six months ended 30 June 2023
Weighted average number of ordinary shares at 30 June	**749,477,334**	749,315,265
Effect of restricted shares outstanding	**411,365**	580,310
Effect of shares of Employee Stock Ownership Plans outstanding	**–**	95,900
Effect of deemed issue of shares under share option schemes	**–**	1,723,397
Weighted average number of ordinary shares (diluted) at 30 June	**749,888,699**	751,714,872

9 DIVIDENDS

(a) Interim dividend

The directors of the Company do not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: RMB Nil).

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

On 20 June 2024, the 2023 profit distribution plan of the Company was approved at the 2023 annual general meeting of the Company as follows:

- a dividend of RMB0.16 per ordinary share (inclusive of tax) to shareholders on the record date for determining the shareholders' entitlement to the 2023 profit distribution plan.

Pursuant to the above 2023 profit distribution plan, the total dividend was paid by the Company in July 2024.

10 FINANCIAL ASSETS AT FVTPL

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
Non-Current assets		
Equity investment in an unlisted company	**354,639**	354,639
Investments in unlisted funds(i)	**260,472**	233,145
	615,111	587,784
Current assets		
RMB wealth management products	**1,228,053**	373,354
	1,228,053	373,354
	1,843,164	961,138

Notes:

(i) On 18 April 2024, the Company entered into a partnership agreement with Wuxi Guolian Industry Investment Co., Ltd, Beijing Hongruheyu Investment Management Co., LTD and other partners to subscribe for interest in Wuxi Jinyifuxing Biopharmaceutical Venture Capital Partnership Enterprise at a consideration of RMB299,000,000. The Company paid RMB29,900,000 in June 2024.

11 TRADE AND BILLS RECEIVABLES

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
Trade receivables	**225,539**	224,602
Less: loss allowance	**(23,142)**	(18,588)
	202,397	206,014
Bills receivables	**7,022**	6,874
	209,419	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:

	At 30 June 2024	At 31 December 2023
	RMB'000	*RMB'000*
Within 1 year	**144,250**	160,784
1 to 2 years	**53,445**	42,891
2 to 3 years	**4,454**	2,278
3 to 4 years	**248**	61
	202,397	206,014

12 TRADE PAYABLES

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Trade payables	**64,587**	43,323

As at 30 June 2024, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 30 June 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 year	**62,618**	42,778
1 to 2 years	**1,969**	545
	64,587	43,323

As at 30 June 2024, all trade payables of the Group are expected to be settled within one year or are payable on demand.

13 SHARE CAPITAL

	No. of shares	Amount *RMB'000*
Ordinary shares, issued:		
At 1 January 2023	535,678,676	535,679
Issue of shares under bonus issue	214,244,424	214,244
Cancellation of restricted shares	(34,401)	(34)
At 31 December 2023	749,888,699	749,889
At 30 June 2024	749,888,699	749,889

I. Discussion and Analysis on Business Operation

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 and revised a number of management systems, providing clearer institutional support for business division management that is more in line with business development needs. In the first half of 2024, the Company introduced senior management personnel to improve the Company's management level and provide customers with more efficient services. In the first half of the year, the Company ushered in the 2024 Talent Development Season. Through this project, the JOINN 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. 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 30 June 2024, the Company had a professional service team of 2,585 employees.

Production Capacity Building

The construction of JOINN Suzhou's Phase II 20,000 square meter facilities had been topped out in 2023. The design and planning of the facilities fully combines the Company's existing facilities and future development needs. The layout is more reasonable and the functions are more consummate. It is currently under renovation and is expected to be put into use in early 2025. 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 living and working environment, Suzhou has started the construction of the 22,000 square meters supporting facilities, which support various operational needs. They are currently under renovation and are expected to be completed and put into use by the end of 2024. In addition, the power center for the new facilities has been put into use, and the archives room has been renovated and will be put into use soon.

According to the Company's strategic planning and business needs, the construction of JOINN's drug safety assessment center in Guangzhou is currently progressing in an orderly manner.

The Non-GLP laboratories of JOINN Express & Collabo Laboratories, a wholly-owned subsidiary focusing on early druggability evaluation and drug screening services, was put into use in 2023. It is currently in a period of rapid business growth, which is generally in line with business planning expectations.

Guangxi Weimei Bio-Tech Co., Ltd, a wholly-owned subsidiary, is actively building a business system for NHP animal experiments, and it is expected to start the construction of related supporting laboratories in the second half of 2024. In addition to meeting routine animal experiments, the laboratory fully considers the physiological needs of elderly animals in the design of rooms and cages, aiming to significantly improve the welfare level of experimental animals.

Business Capacity Development

(1) Drug Non-clinical Business

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.

Continuous Improvement of Quality System

In the first half of 2024, the Company 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.

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 established, 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.

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.

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, gene-modified 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 follows up in real time on 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 new drugs of JOINN.

(2) Drug Clinical Trial Services

Clinical CRO services

The Company's clinical service sector has outstanding advantages in Phase I and IIT early clinical research, and Phase II, Phase III, Phase IV, and real-world clinical business continue to expand. It has accumulated rich experience in special fields such as gene drugs, rare diseases, reproduction, gynaecology, pediatrics, and radioactive drugs. Through seamless connection from non-clinical research to clinical research, it 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.

Clinical testing services

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. The service capability and quality have been continuously improved, which enabled the world's first patient dosing of a number of innovative gene therapy products. The Company 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 (impersonality and personalized vaccine) and gene therapy products. It facilitated the biospecimen analysis of a number of international multi-center clinical trials, and further improved the service capabilities of the pathological testing platform (including immunohistochemistry (IHC) and multiple immunofluorescence (MIF) technology, etc.). "JOINN Clinical Testing" is committed to becoming a world-class clinical testing platform, providing one-stop clinical trial sample testing services for innovative drug varieties in China and around the world.

The Company has established the ability to detect biomarkers of neurological diseases (such as Alzheimer's disease (AD)), further improved the service capabilities of LC-MS/MS technology for detecting nucleic acid drugs and biomacromolecules, and the use of digital PCR technology in gene therapy products and cell therapy products. It 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.

(3) Experimental model research

In the first half of 2024, the Company's business expanded to "human multifunctional stem cell production" and "liver organoid platform". Without changing the cell genome, the Company achieved retro-differentiation of adult cells into induced pluripotent stem cells (iPSCs) through cutting-edge chemical reprogramming technology; and successfully differentiated iPSCs into organoids with mature liver cell functions through the liver organoid differentiation platform. The Company plans to further invest in the production of liver organoids and organoid induction kits, expand the market in the future to serve enterprises and universities in non-clinical research, and provide iPSC reprogramming and organoid induction services. 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 liver 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. 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.

In addition to gene editing models, the Company continued its endeavor to maintain high quality and high standards of existing key experimental models. In the first half of 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. At the same time, we further advanced exploration work on the elderly experimental model, providing important data support for the subsequent development of related outsourcing services.

(4) Drug quality research and testing business

Primarily aimed at the quality research and testing of innovative drugs such as protein drugs, therapeutic vaccines, gene and cell therapy products, the Company has set up a high-level technical team of more than 40 employees, established an in vivo experimental animal laboratory and a P2 clean laboratory in Suzhou, and a bioassay and physicochemical analysis laboratory in Beijing. The Company has established a key technology platform for quality research of biotechnology drugs, applied for and obtained 12 patents (of which 1 has been authorized and 5 have been disclosed), and the main testing methods have passed CNAS certification and GLP certification. The Company currently has the ability to research and test the quality standards of biotechnology drugs, with the scope of business covering: 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.; it has issued multiple test reports for CHO/3T3 cell banks, stem cell products, NK cell products, tenecteplase activity standard collaborative calibration and in vivo animal experiment reports.

Implementation of Featured Experiments

In the first half of 2024, the Company remained committed to the quality of the experiments by strengthening the standardization of experimental operations and ensuring the authenticity and accuracy of data. Based on the above, the Company optimized and integrated technical personnel, and deployed experienced professionals to control the quality of experimental design and report writing, so as to fully ensure the scientificity and unity of the projects. It also further optimized the project management process with an effort to ensure that all businesses are carried out more reasonably and orderly, continuously improving customer satisfaction. Starting from multiple aspects such as management and technological innovation, the Company provided solid support for the growing business needs. As of the end of the reporting period, the Company maintained a steady growth trend as to the numbers of ongoing projects. The overall orders on hand was approximately RMB2.9 billion, which provided a guarantee for future performance.

Marketing

During the reporting period, the Group's overall signed orders amounted to approximately RMB900 million. The Company's marketing work in the first half of 2024 focused on:

1. Actively developing customers, which led to a sustained growth in the number of new clients. The Company maintained a year-on-year growth in the number of new projects signed, with the amount of new orders signed in the second quarter improving at a QoQ growth rate of above 20% over the first quarter;

2. In the fields of anti-tumor drugs, inflammation and immune target drugs, metabolic system drugs and central nervous system (CNS) drugs, the number of new project contracts remained stable;

3. Relying on the one-stop service system from target discovery to clinical verification, the number of contracts signed for the Company's ADC projects (especially innovative targets, innovative toxins/small molecules) has increased significantly;

4. The number of contracts and consultations for CGT drugs (especially stem cells, mRNA, and viral vector drugs) remained at high levels. The number of contracts for peptide drugs (blood glucose-lowering, weight loss, osteoporosis, AD and other indications) remained stable;

5. Reproductive, carcinogenic and long-cycle animal tests have increased significantly, reflecting customers' full recognition of the Company's high-difficulty toxicity evaluation experience and control capabilities;

6. Overseas subsidiaries signed orders of approximately RMB140 million in the first half of 2024.

II. Financial Review

Overview

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

Revenue

During the Reporting Period, revenue generated from our non-clinical studies services accounted for substantially all of our total revenue. The Group's revenue for the six months ended 30 June 2024 was RMB849.4 million, representing a decrease of 16.1% compared to RMB1,012.1 million for the six months ended 30 June 2023. The decrease was primarily attributable to the intensifying competition in the market.

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

	For the six months ended 30 June			
	2024		2023	
	RMB'000	***%***	*RMB'000*	*%*
Non-clinical studies services	**809,704**	**95.3**	976,681	96.5
Clinical trial and related services	**39,653**	**4.7**	31,332	3.1
Sales of research models	**–**	**–**	4,064	0.4
Total revenue	**849,357**	**100.0**	1,012,077	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 six months ended 30 June 2024 was RMB638.1 million, representing an increase of 13.1% compared to RMB564.3 million for the six months ended 30 June 2023, the increase was primarily due to the increase of assets impairment losses and labor costs.

Gross Profit and Gross Profit Margin

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

For the six months ended 30 June 2024, the gross profit and gross profit margin was RMB211.3 million and 24.9%, respectively, as compared to RMB447.8 million and 44.2%, respectively, for the six months ended 30 June 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 six months ended 30 June 2024, primarily due to the intensifying competition in the market.

Other Gains and Losses, Net

For the six months ended 30 June 2024, other gains and losses, net was RMB80.1 million, represent a decrease of 19.7% as compared to RMB99.8 million for the six months ended 30 June 2023. The decrease in other gains and losses, net was primarily due to the decrease in net foreign exchange (loss)/gain.

For the six months ended 30 June 2024, the net foreign exchange loss was RMB0.2 million, as compared to the foreign exchange gain of RMB15.1 million for the six months ended 30 June 2023. The net foreign exchange loss was primarily due to exchange rate fluctuations.

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 RMB254.4 million arising from changes in fair value of biological assets for the six months ended 30 June 2024, representing an increase of 28.0% compared to loss of RMB198.8 million for the six months ended 30 June 2023. The loss was primarily due to the decrease in the unit fair value of biological assets, which is consistent with the decrease in the market value of the research model.

Selling and Marketing Expenses

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

The Group's selling and marketing expenses for the six months ended 30 June 2024 was RMB12.2 million, representing an increase of 2.5% compared to RMB11.9 million for the six months ended 30 June 2023. Our selling and marketing expenses remained relatively stable for the six months ended 30 June 2024.

General and Administrative Expenses

Our general and administrative expenses primarily consist of staff costs relating to our administrative and management personnel, office expenses, depreciation and amortization expenses, expenses for research models, equity-settled share-based payment expenses, and others. The Group's general and administrative expenses for the six months ended 30 June 2024 was RMB168.6 million, representing an increase of 5.5% compared to RMB159.7 million for the six months ended 30 June 2023. Our general and administrative expenses remained relatively stable for the six months ended 30 June 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 cost of raw materials used for research and development.

The Group's research and development expenses for the six months ended 30 June 2024 was RMB47.8 million, representing a decrease of 16.0% compared to RMB56.9 million for the six months ended 30 June 2023. Our research and development expenses remained relatively stable for the six months ended 30 June 2024.

Finance Costs

The Group's finance costs for the six months ended 30 June 2024 was RMB1.2 million, representing a decrease of 25.7% compared to RMB1.7 million for the six months ended 30 June 2023. The decrease in finance costs was primarily due to the decrease in interest on lease liabilities.

Income Tax Benefit/(Expense)

The Group's income tax benefit for the six months ended 30 June 2024 was RMB5.1 million, as compared to income tax expense of RMB27.4 million for the six months ended 30 June 2023. The income tax benefit was primarily due to the losses arising from negative changes in fair value of biological assets.

The Group's effective tax rate for the six months ended 30 June 2024 was 2.9% (for the six months ended 30 June 2023: 23.5%), the decrease was primarily due to the losses arising from negative changes in fair value of biological asset with relatively low tax rate.

(Loss)/profit for the Period

As a result of the foregoing reasons, our (loss)/profit for the period decreased from profit of RMB89.5 million for the six months ended 30 June 2023 to loss of RMB172.2 million for the six months ended 30 June 2024. Our net profit margin decreased from 8.8% for the six months ended 30 June 2023 to -20.3% for the six months ended 30 June 2024. The net loss was primarily due to reasons as follows:

- The gross profit decreased by 52.8% from RMB447.8 million for the six months ended 30 June 2023 to RMB211.3 million for the six months ended 30 June 2024. The decrease was primarily due to the intensifying competition in the market.

- The net loss arising from the changes in fair value of biological assets during the Reporting Period amounted to RMB235.4 million. The loss was primarily due to the decrease in the unit fair value of biological assets, which is consistent with the decrease in the market value of the research model.

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 30 June 2024 were RMB2,158.2 million, representing a decrease of 24.6% compared to RMB2,862.9 million as at 31 December 2023. The decrease was primarily due to the addition in investments 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, the payments received from our customers for our services in non-clinical studies.

Gearing ratio

As at 30 June 2024, the gearing ratio, calculated as total liabilities over total assets, was 18.1% and remained relatively stable compared with 17.4% as at 31 December 2023.

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, preferred shares and gross obligation from share purchase option written are denominated in foreign currency which are exposed to foreign currency risk. We currently do not have a foreign currency hedging policy. However, our management monitors foreign exchange exposure and will consider appropriate hedging measures in the future should the need arise.

III. Discussion and Analysis on Future Development

Development strategy of the Company

The overall development strategy of the Company is: the non-clinical pharmacology and toxicology evaluation business is the core business, and the Company will steadily increase its market share and overseas influence; focusing on its core business, the Group will actively expand its upstream and downstream business capabilities, including early-stage drug discovery business, drug screening and drugability evaluation business, cell verification business, clinical CRO business, clinical testing business, etc., expand the scale and production capacity of research model production, create a unique gold industry chain of non-clinical safety evaluation, clinical trial and related services and high-quality research model supply, and provide one-stop services; guided by the market demand, actively develop new technologies and new methods to meet the needs of innovative drugs, and form new service advantages; further enhance our international service capabilities and participate in global competition; develop the Company into a comprehensive CRO with international competitiveness.

Business Plan

(1) Non-clinical CRO business

Relying on the Company's operation and management experience and professional and technical capabilities, giving full play to the existing competitive advantages, continuously establishing new technologies and new methods for improving service quality, continuously improving the internal management system for improving service efficiency, further expanding production capacity for improving performance goals, optimising personnel team, and continuously consolidating and improving the Company's market share and leading position in the field of non-clinical drug research services. In the second half of 2024, the Company will continue to improve its pharmacology and toxicology research and evaluation capabilities, enhance project management capabilities and operational efficiency, ensure the smooth operation of new experimental facilities, continuously improve the GLP system, improve the compliance level of regulations, and ensure the smooth and compliant operation of various tasks.

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 new targets and new technology drugs; enhance drug screening capabilities, offer comprehensive biological services and solutions, keep pace with domestic and international trends and hotspots in new drug development, provide high-throughput screening and customized services tailored to clients' needs, stay close with clients throughout their research and development process, and establish a rapid and efficient screening platform. For those fields where the Company has insufficient accumulation and business capabilities that require urgent enhancement, the Company will rapidly establish research and development capabilities through mergers and acquisitions, equity participation, business cooperation and other methods, to occupy the market and form new profit growth points.

The Company will actively introduce more industry experts and technical personnel with overseas work experience to join the domestic team to improve the international business capabilities of the domestic team; expand the scale of the laboratory in the United States, broaden the scope of services, increase business throughput, and serve the research and development needs of more local research and development institutions; increase investment in offshore outsourcing business so as to attract more overseas business and customers to enter China.

A sufficient number of qualified technical and management teams are the foundation of the Company's operation. In the second half of 2024, the Company will continue to increase its investment in human resources, increase its efforts in recruitment, focus on the introduction and replenishment of talents for weak professions, and solve the problem of the impact of shortage of technical talents on the overall work. In addition, the Company will further improve the performance appraisal system, training system and salary and welfare system, improve the professional skills, subjective initiative and labour productivity of employees, and provide support for the Company to achieve its overall strategic goals. In the future, the Company will continue to launch equity incentives when opportunities arise, expand the scope of equity incentives, and implement equity incentives properly to facilitate the development of the Company.

Construction plan to expand production capacity: JOINN Suzhou has completed the top-out of its facilities of 20,000 square metres, and the overall planning layout has been completed and is expected to commence operation in early 2025. The Company's subsidiary JOINN Express & Collabo Laboratories (Suzhou) Co., Ltd. has completed the construction of its Non-GLP laboratory, which mainly focuses on drug screening and pharmacodynamics experiments. It can further expand their business scope, meet the early testing needs of customers during research and development, and increase their business throughput.

In the second half of 2024, we will accelerate the construction of the JOINN (Guangzhou) New Drug Evaluation Centre in line with our development needs.

(2) Clinical trial and related business

Leveraging the existing non-clinical business, customer resources and in-depth understanding of drug safety of the professional technical team of JOINN Laboratories and the full understanding of GLP and GCP, the Company will rapidly develop and construct the following:

1. Strengthening the registration team and improving the international registration capability. We will expand the size of our registration team and increase business throughput to meet the growing registration needs. In order to meet the overseas application needs of customers, the Company strives to improve the dual registration ability between China and the United States, and helped more new drug R&D enterprises complete the product export programme.

2. Expanding clinical operation team to ensure operational delivery capability. The Group will continue to expand the clinical operation team, improve the project management ability of the operation team, improve the quality of project operation and establish a guarantee mechanism for timely delivery through efficient management and internal training system.

3. Expanding the laboratory scale and team size of clinical testing, broaden the scope of clinical testing business, increasing the capacity and qualification of medical testing laboratories, so as to better support the development of the overall clinical business; initiating the establishment of clinical testing laboratory capabilities in the United States to better serve the sample testing needs for clinical trials conducted in the country.

4. Brand building for early clinical trials of innovative drugs. Leveraging the project resources of the Company's non-clinical business, the Company gives full play to the experience and advantages of the expert team, closely cooperates with more early-stage clinical bases, provides precise clinical development strategies and medical scheme design for early-stage clinical projects of innovative drugs, and helps research and development enterprises save research and development time through high-quality and efficient clinical operations, so as to facilitate the rapid entry of projects into confirmatory clinical trials.

(3) Research model business

We will further optimize the non-human primate population structure to increase productivity; renovate and expand existing experimental facilities, implement scientific zoning and management; leverage the resource advantages of non-human primates to conduct screenings for drug efficacy testing models. Meanwhile, we will continue to improve the procedure-based and standardised quality assurance system for research models, strengthen talent training, and provide quality assurance and manpower support for the development of subsequent businesses.

(4) Internationalisation strategy

Internationalisation is an important development strategy of the Company and also the support for the Company to maintain sustainable and rapid growth. The Company will promote its internationalisation strategy in the following aspects:

1. BIOMERE's main business is to provide support services for early – stage drug research and development, with a good reputation and stable customer base in North America, and the major bottleneck of its development lies in the limitation of production capacity. The Company supports BIOMERE in further expanding its experimental facilities to increase the service throughput of local business in the United States and serve more customers in the United States.

2. Strengthen the business development team building in the United States. In both BIOMERE and JOINN California, the business development team building and marketing efforts will be strengthened to leverage the brand and reputation of BIOMERE to enhance JOINN's presence in the United States and overseas.

3. Open up upstream and downstream chains to provide customers with non-clinical one-stop services. Introduce the early stage research and development and screening projects carried out in the JOINN USA to the domestic market to carry out Good Laboratory Practice business (GLP business). Leveraging the advantages of abundant domestic experimental resources, large – scale experimental platform, high-standard quality system and rapid and efficient experimental process management, the Company provides overseas drug research and development enterprises with one-stop services with better cost-effectiveness.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has adopted the code provisions as set out in the Corporate Governance Code (the "**CG Code**") as set out in Part 2 of 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 during the six months ended 30 June 2024 and up to the date of this announcement.

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

Compliance with Model Code for Securities Transactions by Directors

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 (the "**Model Code**") as set out in Appendix C3 to the Listing Rules. Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the Reporting Period and up to the date of this announcement.

Interim dividend

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2024 to the Shareholders.

Use of Proceeds from the Global Offering

The H shares of the Company (the "H **Shares**") were listed on the Hong Kong 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**").

In order to better utilise 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 further details, please refer to the announcement of the Company dated 30 August 2023.

For the period from the Listing Date up to 30 June 2024, the Company has used RMB2,686.7 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 of 30 June 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 nonclinical 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	–	–	

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 of 30 June 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
(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**	**259.6**	**23.1**	**492.1**	
(i) upgrading our existing facilities and service team in northern California	7.6	401.7	401.7	138.6	23.1	263.1	By the end of 2025
(ii) investing in business development efforts, expanding service teams and upgrading laboratory equipment for Biomere	2.4	126.8	350.0	121.0	–	229.0	By the end of 2025
(C) Further expand our facility network and service capabilities in China	**39.0**	**2,061.3**	**1,662.8**	**199.0**	**6.2**	**1,463.8**	
(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	154.7	2.7	345.3	By the end of 2024
(ii) building the Phase I of our new laboratories, research model breeding facilities and clinical operations in Chongqing	17.0	898.5	898.5	11.6	0.1	886.9	By the end of 2025

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 of 30 June 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
(iii) enhancing our technical and scientific research capabilities at our Guangzhou and Chongqing facilities	2.6	137.4	137.4	32.6	3.3	104.8	By the end of 2026
(iv) developing cutting-edge laboratory and research model technologies	2.4	126.9	126.9	–	–	126.9	By the end of 2026
(D) Broaden and deepen our integrated CRO service offerings with a particular focus on further expanding our clinical trial and related services	**5.0**	**264.3**	**264.3**	**33.0**	**–**	**231.3**	
(i) hiring approximately 220 experienced clinical trial operation professionals who hold at least a bachelor's degree and who have at least two years of work experience in clinical operations, medicine, quality control, statistical analysis and analysis of clinical samples, with a focus on early-stage clinical trial projects	0.6	31.7	31.7	8.3	–	23.4	By the end of 2024
(ii) investing in business development efforts for our growing clinical trial business	0.4	21.2	21.2	–	–	21.2	By the end of 2024
(iii) procuring new equipment, technologies, systems, databases and infrastructure for use in clinical trials, as well as in the related services such as bioanalytical services, to strengthen our service quality and customer experience	4.0	211.4	211.4	24.7	–	186.7	By the end of 2024

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 of 30 June 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	2,020.2	1,905.0	45.0	115.2	By the end of 2024
(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 30 June 2024, the Group had 2,585 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 RMB284.3 million (for the same period in 2023: RMB291.3 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 28 March 2024, the seventh meetings of the fourth session of the Board of Directors of the Company was convened, at which the Board of Directors resolved and approved the repurchase of A Shares through centralised price bidding for an aggregate consideration of no more than RMB100,000,000. For details, please refer to the overseas regulatory announcement dated 28 March 2024. During the Reporting Period, the Company repurchased 1,735,600 A Shares for an aggregate consideration of RMB28,277,143.40.

During the Reporting Period, the Company repurchased 12,832,580 H shares through trust for an aggregate consideration of HK$194,570,000 in accordance with the rules of the Share Incentive Scheme (H Shares).

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sales of treasury shares (as defined in the Listing Rules)).

Capital Expenditure and Commitments

The Group's capital expenditures for the six months ended 30 June 2024 primarily related to purchase of property, plant and equipment in relation to the expansion and enhancement of our facilities. For the six months ended 30 June 2024, the Group incurred RMB106.1 million in relation to capital expenditures as compared to RMB115.9 million for the same period in 2023.

Charges on Group Assets

As at 30 June 2024, the Group did not have any material charges over its assets.

Contingent Liabilities

The Group had no material contingent liabilities as of 30 June 2024.

Event after the end of the Reporting Period

There are no material subsequent events from 30 June 2024 to the date of this announcement.

Audit Committee

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

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal controls, risk management and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Group for the six months ended 30 June 2024. The Audit Committee considers that the interim financial results for the six months ended 30 June 2024 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

Publication of Interim Results Announcement and Interim Report

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

Printed copy of the interim report for the Reporting Period containing all the information required by the Listing Rules will be despatched to the Shareholders (if necessary) and published on the websites of the Hong Kong Stock Exchange and the Company in due course.

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

Hong Kong, 30 August 2024

As at the date of this announcement, the Board comprises Ms. FENG Yuxia as the Chairperson and executive Director, Mr. ZUO Conglin, Mr. GAO Dapeng, Ms. SUN Yunxia, Dr. YAO Dalin as executive Directors, and Mr. SUN Mingcheng, Dr. ZHAI Yonggong, Mr. OU Xiaojie and Mr. ZHANG Fan as independent non-executive Directors.