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)

CONTINUING CONNECTED TRANSACTIONS

2025 STAIDSON RESEARCH AND DEVELOPMENT SERVICE FRAMEWORK AGREEMENT

BACKGROUND

The Board announces that on 20 December 2024 (after trading hours), the Company entered into the 2025 Staidson Research and Development Service Framework Agreement with Staidson for a term commencing from 1 January 2025 to 31 December 2025. According to the 2025 Staidson Research and Development Service Framework Agreement, the Company shall provide a comprehensive range of pharmaceutical research and development services covering non-clinical and clinical trial stages to the Staidson Group.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Staidson is held as to 36.11% by Yizhao (Beijing), 1.96% by Mr. Zhou through Huatai Securities Asset Management – China Merchants Bank – Huatai – Juli Collective Asset Management Scheme No. 16 (華泰證券資管－招商銀行－華泰聚力16號集合資產管理計劃

As the highest applicable percentage ratio of the highest annual cap for the 2025 Staidson Research and Development Service Framework Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the above-mentioned agreement shall be subject to the reporting, announcement and annual review requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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CONTINUING CONNECTED TRANSACTIONS

2025 Staidson Research and Development Service Framework Agreement

The principal terms of the 2025 Staidson Research and Development Service Framework Agreement are set out below:

Date:	20 December 2024
Parties:	(i) the Company (as service provider); and (ii) Staidson (as service recipient)
Term:	From 1 January 2025 to 31 December 2025
Scope of services:	The Group shall provide a comprehensive range of pharmaceutical research and development services and professional and technical services covering non-clinical and clinical trial stages to the Staidson Group (the "**Staidson Services**")

Pricing policy: The Company will provide services to Staidson on a project basis and enter into separate agreement for each research and development project. For the pricing policy of the service fee, the Company takes into account: (i) the cost (including raw materials and labour costs) in connection with the services to be provided under each research project; (ii) the feature, complexity, length and value of the drug research and development services to be provided at various stages; (iii) the prices charged for previous transactions of a similar kind; and (iv) the price of services/projects of similar nature provided by the Company to other independent third-party customers. In deciding the service fees, the Company will adopt a cost plus profit margin approach, and make reference to quotations for similar projects provided by the Company to approximately one to three independent third-party customers. The profit margin for each project will vary depending on the costs, time required, feature and complexity of the services for each separate project. However, such margin in general will be in a range of approximately 20% to 40%, representing the profit margin level of existing similar projects provided by the Company to other independent third-party customers. Furthermore, the Company will only enter into an agreement with Staidson when the service fees are in line with the prevailing market price and not less favorable to the Company than what the Company can receive from other independent third-party customers. Considering the above, the Directors are of the view that the service fees are fair reasonable and comparable to those offered by unrelated third parties.

Payment terms: The payment term for each project will vary depending on the complexity and type of the projects. Based on the current arrangement between the Company and Staidson, Staidson usually settles the service fees in the following manner: (i) around 30% to 40% of the total service fees to be settled upon signing of the agreement; (ii) around 30% to 40% of the total service fees to be settled upon completion of a certain pre-determined trial test for the research and development project; and (iii) the remaining amount to be settled after completion and delivery of the test report.

Historical Annual Caps and Transaction Amounts in relation to the Stadison Services

The below tables set out the historical annual caps and transaction amounts of the continuing connected transactions:

Historical Annual Caps

	For the year ended 31 December	
	2023	**2024**
	(RMB million)	*(RMB million)*
Historical annual caps	80	75

Historical Transaction Amounts

	For the year ended 31 December 2023	From 1 January to 30 November 2024
	(RMB million)	*(RMB million)*
Actual transaction amount	74.19	14.79

Proposed Annual Cap and Basis for Annual Cap under the 2025 Staidson Research and Development Service Framework Agreement

The below table sets out the annual cap of the continuing connected transactions contemplated under the 2025 Staidson Research and Development Service Framework Agreement:

	For the year ending 31 December 2025
	(RMB million)
Transaction amount under the 2025 Staidson Research and Development Service Framework Agreement	50

In arriving at the above proposed annual cap, the Company has taken into account the following factors: (i) the fact that Staidson intends to engage the Company in a large number of projects for the year ending 31 December 2025 and the expected demand of Staidson for the drug research and development services for the year ending 31 December 2025; (ii) the historical transaction amounts with Staidson; (iii) the labour and equipment costs of the drug research and development services; and (iv) the capacity of the Company to provide the drug research and development services.

The proposed annual cap is set at RMB50 million. The relevant highest applicable percentage ratio exceeds 0.1% but less than 5%. Therefore, the continuing connected transactions contemplated under the 2025 Staidson Research and Development Service Framework Agreement shall be subject to the reporting, announcement and annual review requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

REASONS FOR AND BENEFITS OF THE 2025 STAIDSON RESEARCH AND DEVELOPMENT SERVICE FRAMEWORK AGREEMENT

The Directors consider the 2025 Staidson Research and Development Service Framework Agreement to be consistent with the business and commercial objectives of the Company, as the long-term collaboration with Staidson Group enables us to further explore the pharmaceutical contract research organisation services market and improve our brand reputation.

OPINIONS OF THE BOARD

In view of the above reasons and benefits, given the transactions contemplated under the 2025 Staidson Research and Development Service Framework Agreement are conducted in the ordinary and usual course of business of the Company and on normal commercial terms or better, the Board (including the independent non-executive Directors) is of the view that the annual caps of the 2025 Staidson Research and Development Service Framework Agreement are determined on normal commercial terms, fair and reasonable, and are in the interest of the Company and shareholders as a whole.

Shareholders should note that the annual caps of the 2025 Staidson Research and Development Service Framework Agreement represent the best estimates by the Directors of the amounts of the relevant transactions based on the information currently available. The annual caps of the 2025 Staidson Research and Development Service Framework Agreement bear no direct link, nor constitute a guide or commitment to the Group's future financial information or performance.

INTERNAL CONTROL MEASURES

In order to safeguard the interests of shareholders, the Group will adopt the following internal control procedures in relation to the continuing connected transactions contemplated under the 2025 Staidson Research and Development Service Framework Agreement:

- before the Company or any of its subsidiaries enter into any individual agreements under the relevant 2025 Staidson Research and Development Service Framework Agreement, the Group will comply with its internal control procedures regarding related party transactions and will review the terms of the individual agreement to ensure that such terms offered are fair and reasonable and similar to the terms offered to the independent third parties;

- the Group will also regularly monitor the implementation of the 2025 Staidson Research and Development Service Framework Agreement and report to the Board and the management of the Group on a regular basis;

- the independent non-executive Directors and auditors of the Company will review the transactions under the 2025 Staidson Research and Development Service Framework Agreement annually (including rates and fees charged for the transactions), and provide annual confirmation in accordance with the Listing Rules; and

- the Group will strictly monitor the continuing connected transactions contemplated under the 2025 Staidson Research and Development Service Framework Agreement so as not to exceed the annual caps under the 2025 Staidson Research and Development Service Framework Agreement. If the annual caps are expected to be exceeded, the Board will consider whether to revise the annual caps accordingly and comply with the applicable Listing Rules.

The Directors believe that the above measures and procedures can ensure that the pricing and other contractual terms of the continuing connected transactions of the Group are concluded on normal commercial terms, fair and reasonable and in line with the interests of the Company and shareholders, and that the continuing connected transactions are conducted based on the terms agreed in the relevant new agreements and comply with Chapter 14A of the Listing Rules.

INFORMATION OF THE PARTIES

Information of the Group

The Group is a leading non-clinical CRO focused on drug safety assessment. The Group is also in the process of expanding our offerings to an integrated range of services covering discovery, non-clinical and clinical trial stages in the drug R&D service chain. The Group's non-clinical studies refer to pharmaceutical R&D studies other than clinical trials conducted on human subjects. Such non-clinical studies encompass all major stages of the pharmaceutical R&D process, including discovery, non-clinical and clinical trial stages.

Information of Staidson

Staidson, the parent company of the Staidson Group, is a joint stock limited company incorporated in the PRC on 16 August 2002 and listed on the Shenzhen Stock Exchange (stock code: 300204). Staidson is held as to 36.11% by Yizhao (Beijing) Medical Science & Technology Co., Ltd. (熠昭(北京)醫藥科技有限公司) (which is held as to 85% in aggregate by Ms. Feng and Mr. Zhou), 1.96% by Mr. Zhou through Huatai Securities Asset Management – China Merchants Bank – Huatai – Juli Collective Asset Management Scheme No. 16 (華泰證券資管－招商銀行－華泰聚力16號集合資產管理計劃), 1.11% by Mr. Zhou directly and 0.90% by Mr. Zuo directly. Mr. Zhou is also the chairperson of the board of directors and the legal representative of Staidson. Staidson Group is primarily engaged in the research and development, production and marketing of drugs.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Staidson is held as to 36.11% by Yizhao (Beijing), 1.96% by Mr. Zhou through Huatai Securities Asset Management – China Merchants Bank – Huatai – Juli Collective Asset Management Scheme No. 16 (華泰證券資管－招商銀行－華泰聚力16號集合資產管理計劃), and 1.11% by Mr. Zhou directly. Accordingly, Staidson is an associate of a Director or controlling shareholders of the Company (as the case may be), and is therefore a connected person of the Company. The transactions contemplated under the 2025 Staidson Research and Development Service Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio of the highest annual cap for the 2025 Staidson Research and Development Service Framework Agreement exceeds 0.1% but is less than 5%, the continuing connected transactions contemplated under the above-mentioned agreement shall be subject to the reporting, announcement and annual review requirements but exempt from circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

At the meeting of the Board, Ms. Feng, an executive Director and the chairperson of the Board, Mr. Gao and Mr. Zuo, the executive Directors, have abstained from voting to approve the 2025 Staidson Research and Development Service Framework Agreement and the annual caps thereunder due to the fact that Ms. Feng has equity interests in Staidson, while Mr. Gao is the husband of the niece of Ms. Feng, and Mr. Zuo is a director of the controlling shareholder of Staidson. Save as disclosed above, none of the other Directors have any material interest in the 2025 Staidson Research and Development Service Framework Agreement, or were required to abstain from voting on the resolutions of the transactions thereunder.

DEFINITIONS

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

"2025 Staidson Research and Development Service Framework Agreement"	the research and development service framework agreement entered into between the Company and Staidson on 20 December 2024 for a term commencing from 1 January 2025 to 31 December 2025
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	JOINN Laboratories (China) Co., Ltd. (北京昭衍新藥研究中心股份有限公司), a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Group"	the Company and its subsidiaries from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"independent third party(ies)"	third party(ies) independent of the Company and the connected persons (as defined in the Listing Rules) of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Mr. Gao"	Mr. Gao Dapeng (高大鵬), the joint company secretary and an executive Director of the Company, and the husband of the niece of Ms. Feng
"Mr. Zhou"	Mr. Zhou Zhiwen (周志文), a controlling shareholder of the Company and the spouse of Ms. Feng

"Mr. Zuo"	Mr. Zuo Conglin (左從林), the former vice chairperson of the Board and a former executive Director
"Ms. Feng"	Ms. Feng Yuxia (馮宇霞), a controlling shareholder, the chairperson of the Board and an executive Director of the Company, and the spouse of Mr. Zhou
"PRC"	the People's Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Staidson"	Staidson (Beijing) Biopharmaceuticals Co., Ltd. (舒泰神(北京)生物製藥股份有限公司), a joint stock limited company incorporated under the laws of the PRC, the shares of which are