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JOINN LABORATORIES (CHINA) CO., LTD.

北京昭衍新藥研究中心股份有限公司

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

(Stock code: 6127)

**REVISION FOR ANNUAL CAP FOR
CONTINUING CONNECTED TRANSACTION PURSUANT TO
BIOAI SERVICE FRAMEWORK AGREEMENT FOR
THE YEAR ENDING 31 DECEMBER 2025**

REVISION OF THE ANNUAL CAP FOR THE YEAR ENDING 31 DECEMBER 2025

Reference is made to the announcement of the Company dated 30 August 2024 regarding the BioAI Service Framework Agreement.

In view of delay in delivery of certain software services from 2024 to 2025, leading to higher payment expected to be made to BioAI in the year ending 31 December 2025; together with the increasing demand in BioAI Services for the year ending 31 December 2025 due to the Group's determination in improving the efficiency and accuracy of its services provided to its customers (at least 10 development projects are expected to be delivered by BioAI, the Company proposes to revise the existing 2025 Annual Cap under the BioAI Service Framework Agreement for the year ending 31 December 2025.

LISTING RULES IMPLICATIONS

As at the date of this announcement, BioAI is held indirectly as to approximately 81.57% by Mr. Zhou Fengyuan, the son of Ms. Feng. Therefore, BioAI is an associate of the controlling shareholders of the Company and is therefore a connected person of the Company.

As the highest applicable percentage ratio of the revised 2025 Annual Cap, on an annual basis, exceeds 0.1% but is less than 5%, the revised 2025 Annual Cap is subject to announcement, reporting and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

REVISION OF 2025 ANNUAL CAP

(i) Background

Reference is made to the announcement of the Company dated 30 August 2024 regarding the BioAI Service Framework Agreement.

(ii) Reasons for and details of revision of the 2025 Annual Cap

In view of delay in delivery of certain software services from 2024 to 2025, leading to higher payment expected to be made to BioAI in the year ending 31 December 2025; together with the increasing demand in BioAI Services for the year ending 31 December 2025 due to the Group's determination in improving the efficiency and accuracy of its services provided to its customers (at least 10 development projects are expected to be delivered by BioAI, the Company proposes to revise the existing 2025 Annual Cap under the BioAI Service Framework Agreement for the year ending 31 December 2025.

Save for the revised 2025 Annual Cap, all terms and conditions of the BioAI Service Framework Agreement shall remain unchanged. Principal terms and details of the BioAI Service Framework Agreement are set out in the announcement of the Company dated 30 August 2024.

(iii) Historical figures and proposed revised 2025 Annual Cap

The following table sets out the historical amount of services fee paid to BioAI under the BioAI Service Framework Agreement for the year ended 31 December 2024 and for the two months ended 28 February 2025, the existing annual cap for the two years ending 31 December 2025 and the proposed revised 2025 Annual Cap:

	For the two months ended 28 February 2025 (for actual amount only)/ For the year ended 31 December 2024 (RMB million)		For the year ending 31 December 2025 (RMB million)
BioAI Service Framework Agreement			
Existing Annual Cap	17		5
Actual Amount	9.03		0
Proposed Revised Annual Cap	N/A		21

REASONS FOR AND BENEFITS OF REVISING THE 2025 ANNUAL CAP

The Company's main business is the provision of non-clinical drug research services, clinical services and experimental models, among which non-clinical drug research services are the Company's core business. After years of development, the Company has established large-scale service capabilities and professional drug evaluation capabilities, and has accumulated rich experience in drug evaluation. By cooperating with BioAI in the development of relevant software systems, the Company will be able to improve laboratory and data management efficiency and experimental accuracy in non-clinical research projects, further increase the Company's information and intelligence levels, enable the Company to better serve customers, and also help reduce costs and improve market competitiveness. Due to the reasons mentioned in "Reasons for and Benefits of Revising the 2025 Annual Cap" above, the Company anticipates that the demand in the BioAI Services will increase significantly and the transaction amount will exceed the previous estimation and that the existing 2025 Annual Cap will not be sufficient to meet the Group's demand for the year ending 31 December 2025. Hence, the revised 2025 Annual Cap will allow the Group to continue to enhance its service efficient and experimental accuracy in non-clinical studies projects, which enables the Company to better serve its customers and improve market competitiveness.

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

PRICING POLICY AND INTERNAL CONTROL MEASURES

The Group will continue to follow the pricing policy and internal control measures as stated in the announcement of the Company dated 30 August 2024 when conducting the transactions contemplated under the BioAI Service Framework Agreement. The aforesaid pricing policy and internal control measures are set out below for easy reference:

Pricing policy

BioAI will provide BioAI Services to the Company on a project basis and the Company will enter into separate agreements with BioAI for each project. The service fees to be charged for the provision of the BioAI Services shall be determined by the parties after arm's length negotiation with reference to: (i) the scale of the projects to be provided by BioAI; (ii) the cost for provision of the BioAI Services; and (iii) the average profit margin charged by other suppliers for provision of similar services in the market. The profit margin charged by BioAI varies according to the features of each project, but it will generally be in a range of approximately 10% to 20%. The above profit margins were determined with reference to: (i) the net profit margin of approximately 10 suppliers providing similar services listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange as disclosed in their annual reports; and (ii) quotations for similar projects provided to the Company by approximately one to three independent third-party vendors. Considering the above, the Directors are of the view that the service fees for the BioAI Services are fair and reasonable and comparable to those offered by unrelated third-parties.

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 BioAI Service Framework Agreement:

- before the Company or any of its subsidiaries enter into any individual agreements under the BioAI 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 BioAI 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 BioAI 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 BioAI Agreement so as not to exceed the annual cap. 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 the 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 BioAI

BioAI is a company established in the PRC with limited liability and is owned as to approximately 81.57% directly and indirectly through ST Research Technologies Limited (a limited liability company incorporated in Hong Kong and controlled by Mr. Zhou Fengyuan, the son of Ms. Feng). The remaining approximately 18.43% shares of BioAI is ultimately owned as to: (a) approximately 9.54% reserved for the employee share option plan of BioAI; (b) approximately 0.2% by Ms. Feng Yujing (馮宇靜), a relative of Ms. Feng; and (c) approximately 8.69% by eight individuals, which are all independent third parties with each of them holding less than 5% shareholding in BioAI.

BioAI is a company engaged in the internet information technology development, service and consultancy and software development in the PRC.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio of the revised 2025 Annual Cap, on an annual basis, exceeds 0.1% but is less than 5%, the revised 2025 Annual Cap is subject to announcement, reporting and annual review requirements but exempt from circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. Feng, an executive Director and the chairperson of the Board, and Mr. Gao, an executive Director, have abstained from voting at the meeting of the Board to approve the revised 2025 Annual Cap as the son of Ms. Feng has 81.57% interests in BioAI, while Mr. Gao is the husband of the niece of Ms. Feng. Save as disclosed above, none of the other Directors have any material interest in any of the above transactions, 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 Annual Cap”	the annual cap of the purchase of BioAI Services under the BioAI Software Service Framework Agreement for the year ending 31 December 2025
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“BioAI”	BioAI Technology, Co., Ltd. (生全智能科技(北京)有限公司)
“BioAI Services”	information automation software development and pathology-related service provided by BioAI to the Group under the BioAI Software Service Framework Agreement
“BioAI Software Service Framework Agreement”	the framework agreement in relation to BioAI Services entered into between the Company and BioAI on 30 August 2024 for a term commencing from 1 September 2024 to 31 December 2025

“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 Stock Exchange of Hong Kong Limited
“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
“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 Stock Exchange of Hong Kong Limited
“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
“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 Special Administrative Region, the Macau Special Administrative Region of the PRC and Taiwan
“Share(s)”	share(s) of the Company

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

Beijing, the PRC
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.