昭衍
JOINN

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

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

Stock Code: 6127

2024 INTERIM REPORT

Contents

Definitions

In this report, unless the context otherwise requires, the following terms have the following meanings. These terms and their definitions may not correspond to any industry standard definition, and may not be directly comparable to similarly titled terms adopted by other companies operating in the same industries as the Company.

"2018 Share Option and Restricted Share Award Scheme"	a share option and restricted share award scheme adopted and approved by the Company on 27 February 2018, the principal terms of which are set out in the Prospectus
"2019 Share Option and Restricted Share Award Scheme"	a share option and restricted share award scheme adopted and approved by the Company on 15 August 2019, the principal terms of which are set out in the Prospectus
"2020 Share Option Scheme"	a share option scheme adopted and approved by the Company on 15 July 2020, the principal terms of which are set out in the Prospectus
"2021 A Share Employee Stock Ownership Plan"	an employee share award scheme adopted and approved by the Company on 19 January 2022, the principal terms of which are set out in the circular dated 30 December 2021
"2021 Restricted A Share Incentive Scheme"	a restricted share award scheme adopted and approved by the Company on 19 January 2022, the principal terms of which are set out in the circular dated 30 December 2021
"2022 A Share Employee Stock Ownership Plan"	an employee share award scheme adopted and approved by the Company on 18 November 2022, the principal terms of which are set out in the circular dated 31 October 2022
"2022 H Shares Incentive Scheme"	a H Shares award scheme adopted and approved by the Company on 24 June 2022, the principal terms of which are set out in the circular dated 26 May 2022
"A Shares"	ordinary shares issued by our Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as paid in Renminbi and are listed for trading on the Shanghai Stock Exchange
"Associate(s)"	has the meaning ascribed to it under the Listing Rules
"Audit Committee"	the audit committee of the Board
"Biomere"	Biomedical Research Models, Inc., a limited liability company incorporated in Massachusetts, the United States, on 11 December 1996 and acquired by our Company on 10 December 2019 to become a wholly-owned subsidiary of Joinn Laboratories (Delaware) Corporation, which is in turn wholly-owned by our Company
"Board"	the board of Directors of our Company

"CG Code" or "Corporate Governance Code"	the "Corporate Governance Code" as contained in Part 2 Appendix C1 of the Listing Rules
"Chief Executive Officer"	chief executive officer of our Company
"Chief Financial Officer"	chief financial officer of our Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to "China" and the "PRC" do not apply to Hong Kong, Macau and Taiwan
"Company", "Our Company" or "JOINN"	JOINN Laboratories (China) Co., Ltd. (北京昭衍新藥研究中心股份有限公司) which was incorporated in the PRC on 11 August 1995 and converted into a joint-stock company on 26 December 2012, the A Shares of which are listed on the Shanghai Stock Exchange (Stock Code: 603127) and the H Shares of which are listed on the Hong Kong Stock Exchange (Stock Code: 6127)
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context otherwise requires, refers to Ms. Feng and Mr. Zhou
"CSRC"	China Securities Regulatory Commission
"Director(s)"	the directors of the Company
"Employee Stock Ownership Plans"	the 2021 A Share Employee Stock Ownership Plan and the 2022 A Share Employee Stock Ownership Plan
"Global Offering"	the Hong Kong public offering and the international offering of the Shares
"Group", "our Group", "our", "we" or "us"	the company and its subsidiaries from time to time or, where the context so requires, in respect of the period prior to the Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guangxi Weimei"	Guangxi Weimei Bio-Tech Co., Ltd (廣西瑋美生物科技有限公司), a company established under the laws of the PRC with limited liability
"H Shares"	overseas listed foreign shares in the share capital of our Company with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC

Definitions

"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"JOINN Suzhou"	JOINN Laboratories (Suzhou) Co., Ltd. (昭衍(蘇州)新藥研究中心有限公司), which was incorporated in the PRC on 11 December 2008 with limited liability, and a wholly-owned subsidiary of our Company
"Listing"	the listing of the H Shares on the Main Board of the Hong Kong Stock Exchange
"Listing Date"	26 February 2021
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Mr. Zhou"	Mr. Zhou Zhiwen (周志文), a Controlling Shareholder and the spouse of Ms. Feng
"Ms. Feng"	Ms. Feng Yuxia (馮宇霞), a Controlling Shareholder, the chairperson of the Board and an executive Director of our Company, and the spouse of Mr. Zhou
"NMPA"	the National Medical Products Administration of China (國家藥品監督管理局)
"Post-IPO Restricted Share Award Scheme and ESOP"	the 2021 Restricted A Share Incentive Scheme, the 2021 A Share Employee Stock Ownership Plan and the 2022 A Share Employee Stock Ownership Plan
"Pre-IPO Share Option and Restricted Share Award Schemes"	the 2018 Share Option and Restricted Share Award Scheme, the 2019 Share Option and Restricted Share Award Scheme and the 2020 Share Option Scheme
"Prospectus"	the prospectus of the Company dated 16 February 2021
"Reporting Period"	the six months ended 30 June 2024
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"RSU"	restricted share awards granted pursuant to the Pre-IPO Share Option and Restricted Share Award Schemes and Post-IPO Restricted Share Award Scheme and ESOP

"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shanghai Stock Exchange"	the Shanghai Stock Exchange (上海證券交易所)
"Share(s)"	shares (including the A Shares and the H Shares) in the share capital of our Company with a nominal value of RMB1.00 each
"Shareholder(s)"	holder(s) of our Share(s)
"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 on August 16, 2002 and whose shares are listed on the Shenzhen Stock Exchange (stock code: 300204), which includes approximately 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), approximately 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 approximately 1.10% by Mr. Zhou directly. Mr. Zhou is also the chairperson of the board of directors and legal representative of Staidson
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Supervisor(s)"	member(s) of our supervisory committee
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US$" or "U.S. dollar(s)"	United States dollar(s), the lawful currency of the United States

Glossary of Technical Terms

"ADC"	antibody drug conjugate
"antibody"	means a large, Y-shaped protein produced mainly by plasma cells that is used by the immune system to identify and neutralize pathogens such as bacteria and viruses
"assay"	means an investigative analytical process in medicine, pharmacology or biology that aims to identify either the qualitative or quantitative presence or function of the analytical target, which can be a drug or biochemical substance or a cell in an organism or organic sample
"CRO"	contract research organization, an entity that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis
"drug discovery"	means the process through which potential new medicines are identified and may involve a wide range of scientific disciplines, including biology, chemistry and pharmacology
"GLP"	good laboratory practice
"metabolism"	means the chemical processes that occur within a living organism in order to maintain life, comprising catabolism (breakdown of large molecules into components) and anabolism (the synthesis of smaller molecules into larger ones with specific structures, characteristics and purposes)
"pharmacology"	means the branch of medicine concerned with the uses, effects, and modes of action of drugs
"R&D"	means research and development

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-executive Directors

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

5/F, Manulife Place
348 Kwun Tong Road
Kowloon, Hong Kong

REGISTERED OFFICE

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

H SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

JOINT COMPANY SECRETARIES

Mr. Gao Dapeng
Ms. Cheung Ka Lun Karen

AUTHORIZED REPRESENTATIVES

Ms. Feng Yuxia
Ms. Cheung Ka Lun Karen

AUDIT COMMITTEE

Mr. Sun Mingcheng *(Chairperson)*
Dr. Zhai Yonggong
Mr. Zhang Fan

REMUNERATION AND EVALUATION COMMITTEE

Mr. Ou Xiaojie *(Chairperson)*
Mr. Sun Mingcheng
Mr. Zuo Conglin

NOMINATION COMMITTEE

Dr. Zhai Yonggong *(Chairperson)*
Mr. Ou Xiaojie
Ms. Feng Yuxia

STRATEGIC DEVELOPMENT COMMITTEE

Ms. Feng Yuxia *(Chairperson)*
Mr. Zuo Conglin
Ms. Sun Yunxia
Mr. Ou Xiaojie

Corporate Information

STOCK CODE

Hong Kong Stock Exchange
(H Shares): 6127
Shanghai Stock Exchange
(A Shares): 603127

AUDITOR

KPMG
Certified Public Accountants
Public Interest Entity Auditor registered
in accordance with the Accounting and Financial
Reporting Council Ordinance
8/F, Prince's Building
10 Chater Road
Central
Hong Kong

LEGAL ADVISOR TO OUR COMPANY

As to Hong Kong law
Jingtian & Gongcheng LLP
Suites 3203-3207, 32/F
Edinburgh Tower, The Landmark
15 Queen's Road, Central
Hong Kong

As to PRC law
Tian Yuan Law Firm
Unit 509, Tower A
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Xicheng District
Beijing, 100033 China

COMPANY'S WEBSITE

https://www.joinnlabs.com

Financial Summary

	Six months ended 30 June		
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	Change
Operating results			
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%
Profitability			
Gross profit margin	**24.9%**	44.2%	Decrease of 19.3 percentage point
Profit margin for the period	**–20.3%**	8.8%	Decrease of 29.1 percentage point
(Loss)/earnings per share			
Basic (RMB)	**(0.23)**	0.12	–291.7%
Diluted (RMB)	**(0.23)**	0.12	–291.7%

	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)	Change
Total assets	**9,661,274**	10,027,159	–3.6%
Total liabilities	**1,746,032**	1,746,118	0.0%
Net assets	**7,915,242**	8,281,041	–4.4%
Equity attributable to the equity shareholders of the Company	**7,916,013**	8,279,316	–4.4%

Chairperson's Statement

Dear Shareholders,

In the first half of 2024, the domestic biopharmaceutical industry still faced with the pressure of financing difficulties. In the face of various challenges in the industry and the market, the Board and the management of the Company have made prompt adjustments to its business strategies, contributing to the resumed growth of the Company's business volume during the Reporting Period. Meanwhile, to cope with the long-term industry pressures, the Company has been actively expanding and improving its upstream and downstream business capabilities and building a new drug discovery business platform, to further enhance its one-stop service standards. Moreover, artificial intelligence and information technology have been utilized by the Company to improve efficiency and enhance its competitiveness.

In the future, the Board and the management of the Company will continue to uphold its visions of "serve drug innovation, focus on safety assessment and monitoring of drug full-life cycle, ensure the drug use safety of patients and protect human healthy life", continue to improve the capability and quality of its research and development services, enhance informationization and automation construction, and take effective measures to improve the Company's comprehensive service capability and customer satisfaction level, so as to create value for Shareholders.

Ms. Feng Yuxia
Chairperson of the Board

30 August 2024

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.

Significant Investments 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.

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 report.

III. CHALLENGES AHEAD

Risk of changes in the international economic situation and weak development of the industry

As the current market sentiment in the PRC is relatively sluggish, the financing situation of the pharmaceutical industry is unsatisfactory, which may result in a decrease in investment in the pharmaceutical industry and drug innovation, and may in turn affect the Company's business development. In addition, there is a potential increase in the risk of geopolitical instability and rising trade protectionism, which may affect the Company's revenue from international business and the risk of exchange loss.

Risk of adherence and compliance of regulations

Since the Company provides pharmaceutical research and development services to customers in various countries and nations, the commencement of our projects is subject to various applicable legal and regulatory requirements. If the Company fails to comply with the relevant laws, regulations, industry standards or any future changes thereof properly, the reputation, business, financial condition, operating results and prospects of the Company may be negatively affected.

Risk of talent

Along with the expansion of business scale and expansion of business scopes of the Company, the Company has a greater need for talents with expertise in management, technology and marketing. However, the cultivation period of talents in the industry is long, and the Company's business development depends significantly on the cultivation and introduction of talents necessary for the current business and future business development of the Company. Along with the globalization of market competitions and increasing labor costs, introduction of required talents may become a difficult problem of the Company. At the same time, after recruiting relevant talents, the Company is also required to establish ideal career promotion paths for employees to avoid loss of talents.

Risk of market competition

Along with the continuous development of non-clinical CRO industry, the market competitions in the industry are increasingly intense. As other competitors in the industry have been expanding their productivities and increasing their experimental facilities, there may be a situation of oversupply. If the Company cannot maintain our own core competitive edges, we will be subject to serious challenges from other competitors in the industry and the profitability of the Company will be affected.

Risk of raw materials supply

The Company mainly procures research models for non-clinical studies from third parties. If the supplier cannot guarantee stable supply or increase the sale price of research models, the smooth progress of projects will be affected or the project costs of the Company will be increased, which ultimately brings negative impacts to the operating results of the Company.

Risk of failure to keep up with the times and not emphasizing technological innovation

An increasing number of pharmaceutical research and development institutions are being tilted to innovative drugs and new drug targets have been emerging, which requires the Company to follow the development trend of the industry to actively establish new technologies and methodologies, so as to maintain our leading position in the industry. If we fail to develop or adapt to new technologies and methodologies in a timely manner, the demands of customers for our services may decrease, thereby harming our business and prospects.

Risk of new business development

In order to maintain its industry leadership, the Company needs to continuously expand its business, including entering into new service areas, building new facilities and establishing new technological capabilities. These expansions require substantial investment in manpower and material resources. If they are not well organized, if the introduction of talents is not as expected, and if the projects are not in good progress, new revenues and profits will not be generated, which will result in a backlog of capital and difficulties in cost recovery, and will put pressure on the Company's current and future performance growth.

IV. 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.

INTERIM DIVIDEND

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

DISCLOSURE OBLIGATIONS AND CONTINUING DISCLOSURE UNDER THE LISTING RULES

Saved as disclosed in this Report, the Company had no other disclosure obligations under Rules 13.13, 13.14, 13.15, 13.20 and 13.21 of the Listing Rules.

INTERESTS AND SHORT POSITIONS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As of 30 June 2024, the interests or short positions of Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which are registered in the register that the Company must keep in accordance with the section 352 of the Securities and Futures Ordinance; or which shall be separately notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, were as follows:

INTERESTS IN THE SHARES OF THE COMPANY

Name of Director	Title	Nature of Interest	Class of Shares	Number of Underlying Shares held[2]	Approximate percentage in the relevant class of Shares[3]	Approximate percentage in total Shares[3]
Ms. Feng[1]	Chairperson of the Board, Executive Director	Beneficial Owner Interest of Spouse	A Shares A Shares	167,160,633 (L) 74,725,981 (L)	26.50% 11.84%	22.29% 9.96%
Mr. Zuo Conglin	Executive Director	Beneficial Owner	A Shares	14,098,317 (L)	2.23%	1.88%
Ms. Sun Yunxia	Executive Director	Beneficial Owner	A Shares	2,698,907 (L)	0.43%	0.36%
Mr. Gao Dapeng	Executive Director, Secretary to the Board, Joint Company Secretary	Beneficial Owner	A Shares	288,746 (L)	0.05%	0.04%
Dr. Yao Dalin	Executive Director	Beneficial Owner	A Shares	76,458 (L)	0.01%	0.01%

Notes:

(1) Mr. Zhou is the spouse of Ms. Feng. Under the SFO, each of Ms. Feng and Mr. Zhou is deemed to be interested in the A Shares that the other person is interested in. Ms. Feng held 167,160,633 of our A Shares, representing 22.29% of our total issued share capital as of 30 June 2024 (without taking into account any A Shares to be issued upon exercise of the share options granted under the Share Option and Restricted Share Award Schemes). Mr. Zhou held 74,725,981 of our A Shares, representing 9.96% of our total issued share capital as of 30 June 2024 (without taking into account any A Shares to be issued upon exercise of the share options granted under the Share Option and Restricted Share Award Schemes). Therefore, Ms. Feng and Mr. Zhou are each deemed to be interested in a total of 241,886,614 Shares, representing 32.26% of our total issued share capital as of 30 June 2024 (without taking into account any A Shares to be issued upon exercise of the share options granted under the Share Option and Restricted Share Award Schemes).

(2) The letter "L" denotes the person's long position in the Shares.

(3) As at 30 June 2024, the Company had 749,888,699 issued shares in total, comprised of 630,893,493 A Shares (including 1,768,814 treasury shares of the Company) and 118,995,206 H Shares (without taking into account any A Shares to be issued upon exercise of the share options granted under the Share Option and Restricted Share Award Schemes).

Save as disclosed above and in the section headed "Pre-IPO Share Option and Restricted Share Award Schemes", so far as the Directors are aware, as of 30 June 2024, none of our Directors, Supervisors or chief executives has any interest and/or short position in the Shares, underlying Shares and debentures of the Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors or chief executive of the Company are aware, as of 30 June 2024, the following persons (other than the Directors, Supervisors and chief executive of the Company) had interests and/or short positions in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or had interests or short positions in 5% or more of the respective type of Shares which were recorded in the register required to be kept by the Company under section 336 of the SFO:

Name of substantial shareholder	Nature of Interest	Class of Shares	Number of Shares interested[1]	Approximate percentage in the relevant class of Shares[2]	Approximate percentage in total Shares[2]
Mr. Zhou	Beneficial owner	A Shares	74,725,981 (L)[3]	11.84%	9.96%
	Interest of spouse	A Shares	167,160,633 (L)[3]	26.50%	22.29%
Futu Trustee Limited	Trustee	H Shares	12,112,580 (L)	10.18%	1.62%
UBS Group AG	Interest of controlled corporation	H Shares	6,179,799 (L)	5.19%	0.82%

Notes:

(1) The letter "L" denotes the person's long position in the Shares.

(2) As at 30 June 2024, the Company had 749,888,699 issued shares in total, comprised of 630,893,493 A Shares (including 1,768,814 treasury shares of the Company) and 118,995,206 H Shares (without taking into account any A Shares to be issued upon exercise of the share options granted under the Share Option and Restricted Share Award Schemes).

(3) Please refer to note (1) in the sub-section "Interests in the Shares of the Company" above.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS IN MEMBERS OF THE GROUP (EXCLUDING THE COMPANY)

Name of Subsidiaries	Authorized share capital/ Registered capital	Parties with 10% or more equity interest	Approximate percentage of shareholding (%)
Shikang Frontier Biotechnology Co., Ltd. (北京視康前沿技術有限公司)	RMB1,000,000	Yao Ning (姚寧)	35
Aurora Bioscience Co., Ltd. (蘇州啟辰生物科技有限公司)	RMB10,000,000	Huang Wenjuan (黃雯涓)	45
JOINN Laboratories (Wuxi) Co.,Ltd. (Note) (昭衍(無錫)新藥研究中心有限公司)	RMB50,000,000	Jiangsu Sinotau Molecular Imaging Science & Technology Co., LTD. (江蘇先通分子影像科技有限公司)	20

Note: As at the date of this report, JOINN Laboratories (Wuxi) Co.,Ltd. has been deregistered.

Except as disclosed in this section, to the best knowledge of the Company, as of 30 June 2024, no person owns interests and short positions in the Shares and underlying Shares which shall be disclosed in accordance with Divisions 2 and 3 of Part XV of the SFO, or interests or short positions in 5% or above of relevant class of Shares that the Company must record in the register according to section 336 of the SFO.

PRE-IPO SHARE OPTION AND RESTRICTED SHARE AWARD SCHEMES

The Company adopted the 2018 Share Option and Restricted Share Award Scheme, the 2019 Share Option and Restricted Share Award Scheme and the 2020 Share Option Scheme.

SUMMARY OF TERMS

The following is a summary of the principal terms of each of the Pre-IPO Share Option and Restricted Share Award Schemes:

(a) Purpose

The purpose of the Pre-IPO Share Option and Restricted Share Award Schemes is to establish the long-term incentive mechanism of the Company, attract and retain talents, mobilize the enthusiasm of the Directors, senior management and key technical employees of the Company, foster shared interests among the shareholders, the Company and operators, thereby promoting sustained, long-term and healthy growth of the Company.

(b) Type of Awards

The Pre-IPO Share Option and Restricted Share Award Schemes provides for awards of options and RSUs ("**Awards**"), except the 2020 Share Option Scheme does not provide awards of RSUs.

(c) Administration

The Shareholders' meeting is the highest authority of the Pre-IPO Share Option and Restricted Share Award Schemes. The Board is the managing authority of the Pre-IPO Share Option and Restricted Share Award Schemes. The board of Supervisors and independent non-executive Directors are the supervising authorities of the Pre-IPO Share Option and Restricted Share Award Schemes.

(d) Scope of Participants

The Directors, senior management and key technical employees of the Company (excluding independent non-executive Directors, Supervisors, shareholders that hold more than 5% of the Company's shares and the controlling shareholder and their spouses, parents, and children).

(e) Source of Shares

The Shares underlying the Pre-IPO Share Option and Restricted Share Award Schemes shall be A Shares issued by the Company to the grantees.

(f) Maximum Number of Shares

The maximum number of shares involved with the Awards to be granted to an eligible employee under all effective Pre-IPO Share Option and Restricted Share Award Schemes shall not exceed 1% of the total outstanding share capital of the Company. The total number of shares involved with all effective Pre-IPO Share Option and Restricted Share Award Schemes shall not exceed 10% of the total outstanding share capital of the Company.

(g) Term of the Pre-IPO Share Option and Restricted Share Award Schemes

Subject to the termination provisions under the Pre-IPO Share Option and Restricted Share Award Schemes, the Pre-IPO Share Option and Restricted Share Award Schemes shall be valid and effective commencing on the date that the Awards are granted to when such Awards are no long under any lock-ups, fully exercised or cancelled. The term of validity shall not exceed 48 months.

As at the date of this report, the 2018 Share Option and Restricted Share Award Scheme, the 2019 Share Option and Restricted Share Award Scheme and the 2020 Share Option Scheme have already ended.

(h) Date of Grant

The date on which the Awards are granted shall be determined by the Board, subject to approval of the Pre-IPO Share Option and Restricted Share Award Schemes by the shareholders' meeting, which shall be a trading day. The Awards shall be granted, registered and announced within 60 days after the approval of the Pre-IPO Share Option and Restricted Share Award Schemes by the shareholders' meeting. Otherwise, the Pre-IPO Share Option and Restricted Share Award Schemes shall be terminated, and the Awards thereunder that have not been granted shall become invalid.

(i) Lock-up Period and Vesting Period

The lock-up periods for the Awards underlying the Pre-IPO Share Option and Restricted Share Award Schemes are 12 months, 24 months and 36 months, respectively, commencing from the date the Awards were registered. During the lock-up period, the Awards shall not be transferred, used as guarantee or repayment of debt.

The vesting period for the outstanding options and RSUs under the Pre- IPO Share Option and Restricted Share Award Schemes shall be vested in accordance with the vesting periods as follows: (i) 50% of the aggregate number of options or RSUs shall vest from the first trading day after expiry of the 12-month period from the completion date of registration of the grant and ending on the last trading day of the 24-month period from the completion date of registration of the grant ; (ii) 30% of the aggregate number of options or RSUs shall vest from the first trading day after expiry of the 24-month period from the completion date of registration of the grant and ending on the last trading day of the 36-month period from the completion date of registration of the grant; and (iii) as to 20% of the aggregate number of options or RSUs shall vest from the first trading day after expiry of the 36-month period from the completion date of registration of the grant and ending on the last trading day of the 48-month period from the completion date of registration of the grant.

For the 2019 Share Option and Restricted Share Award Scheme, if the date of grant was in the year of 2020, the options and RSUs shall be vested in accordance with the vesting periods as follows: (i) 50% of the aggregate number of options or RSUs shall vest from the first trading day after expiry of the 12-month period from the completion date of registration of the grant and ending on the last trading day of the 24-month period from the completion date of registration of the grant ; and (ii) 50% of the aggregate number of options or RSUs shall vest from the first trading day after expiry of the 24-month period from the completion date of registration of the grant and ending on the last trading day of the 36-month period from the completion date of registration of the grant.

(j) Grant and Exercise of Awards

On and subject to certain terms of the Pre-IPO Share Option and Restricted Share Award Schemes, Awards can be granted to or exercised by any eligible employee, i.e., linking the grant and exercise of the Awards to the attainment or performance of milestones by the Company and the grantee. If the performance of the Company, the relevant grantee and other conditions are not fulfilled in the stipulated period, the Awards shall be repurchased or cancelled by the Company.

The term of validity of outstanding options and RSUs under the Pre-IPO Share Option and Restricted Share Award Schemes shall not exceed 48 months. The exercise period of outstanding options and RSUs shall commence from the date on which such options and RSUs are no longer under any lock-ups and shall not exceed the validity period.

(k) Basis of Determining the Exercise Price of the Options and Grant Price of the RSUs

The exercise price of the options under the Pre-IPO Share Option and Restricted Share Award Schemes shall not be lower than the nominal value of the Shares and shall not be lower than the higher of the following: (i) the average trading price of the A Shares for the last trading day preceding the respective date of the announcement of the Pre-IPO Share Option and Restricted Share Award Schemes (total trading amount for the last trading day/total trading volume for the last trading day); or (ii) the average trading price of the A Shares for the last 20 trading days preceding the respective date of the announcement of the Pre-IPO Share Option and Restricted Share Award Schemes (total trading amount of the A Shares of for the last 20 trading days/total trading volume of the A Shares of for the last 20 trading days).

The grant price of the RSUs under the Pre-IPO Share Option and Restricted Share Award Schemes shall not be lower than the nominal value of the Shares and shall not be lower than the higher of the following: (i) 50% the average trading price of the A Shares for the last trading day preceding the respective date of the announcement of the Pre-IPO Share Option and Restricted Share Award Schemes (total trading amount for the last trading day/ total trading volume for the last trading day); or (ii) 50% the average trading price of the A Shares for the last 20 trading days preceding the respective date of the announcement of the Pre-IPO Share Option and Restricted Share Award Schemes (total trading amount of the A Shares of for the last 20 trading days/total trading volume of the A Shares of for the last 20 trading days).

(l) Rights and Obligations of the Company

(1) The Company has the right to interpret and implement the Pre-IPO Share Option and Restricted Share Award Schemes, and evaluate the performance of the grantee in accordance with the provisions of the Pre-IPO Share Option and Restricted Share Award Schemes. If the performance of the grantee does not fulfill the conditions under the Pre-IPO Share Option and Restricted Share Award Schemes, the Company will repurchase or cancel the Awards as stipulated by the Pre-IPO Share Option and Restricted Share Award Schemes.

(2) The Company shall not to provide loans or financial assistance in any other forms to the grantee.

(3) The Company shall promptly perform the obligations of declaration and information disclosure of the Pre-IPO Share Option and Restricted Share Award Schemes in accordance with relevant regulations.

(4) The Company shall actively assist the grantee on exercising the Awards in accordance with the relevant provisions under the Pre-IPO Share Option and Restricted Share Award Schemes and relevant regulates of the CSRC, the Shanghai Stock Exchange and China Securities Depository and Clearing Company Limited (中國證券登記結算有限責任公司) ("**CSDC**"). However, if the grantee fails to exercise its Awards for the reasons that are attributable to the Shanghai Stock Exchange or CSDC, the Company shall not be liable for the losses causes to such grantee.

(5) The determination of the grantee under the Pre-IPO Share Option and Restricted Share Award Schemes by the Company does not mean the grantee is entitled to serve the Company, nor does it constitute any commitment to the employment period of the grantee. The employment relationship between the Company and the grantee remains subject to the employment contract signed by the Company and the grantee.

(m) Rights and Obligations of the Grantee

(1) The grantee shall work diligently abide by professional ethics, making contributions to the development of the Company.

(2) The grantee shall lock up its granted Awards in accordance with the provisions of the Pre-IPO Share Option and Restricted Share Award Schemes.

(3) The source of funds of the grantee shall be self-raised funds.

(4) When the Company distributes dividends, the grantee of options and RSUs shall receive dividends in proportion to the underlying A Shares of the options and RSUs respectively.

(5) The grantee of RSUs shall be entitled to voting rights in respect of the underlying A Shares of the RSUs. The grantee of options shall only be entitled to voting rights in respect of the underlying A Shares of the options upon the exercise of such options and grant of the corresponding A Shares to the grantee.

(6) The Awards granted under the Pre-IPO Share Option and Restricted Share Award Schemes shall not be transferred, used as guarantee or repayment of debt.

(7) The grantee shall pay personal income tax and other taxes in accordance with relevant laws and regulations with regard to the income obtained from the Pre-IPO Share Option and Restricted Share Award Schemes.

(8) In the event that the grantee ceases to be an eligible grantee before the granted Awards are fully exercised, the unvested Awards shall be repurchased or cancelled by the Company.

(9) In the event that the grantee ceases to be an eligible grantee due to the false records, misleading statements or material omissions in the disclosed documents by the Company, the grantee shall return all the benefits obtained from the Pre-IPO Share Option and Restricted Share Award Schemes to the Company.

(10) Upon the approval of the Pre-IPO Share Option and Restricted Share Award Schemes by the shareholders' meeting, a written agreement shall be signed by and between the Company and each of the grantee, stipulating respective rights and obligations and other related matters under such Pre-IPO Share Option and Restricted Share Award Schemes.

(11) Other rights and obligations stipulated by relevant laws, regulations and the Pre-IPO Share Option and Restricted Share Award Schemes.

LIST OF GRANTEES UNDER THE PRE-IPO SHARE OPTION AND RESTRICTED SHARE AWARD SCHEMES

The following table summarizes the number of underlying A Shares of the outstanding options under the Pre-IPO Share Option and Restricted Share Award Schemes as of 30 June 2024.

Name of Grantee	Position	Exercise Price (RMB/Share)	Date of Grant	Outstanding as at 1 January 2024[1]	Granted during the Reporting Period	Exercised during the Reporting Period	Vesting Period	Canceled during the Reporting Period	Lapsed during the Reporting Period	Outstanding as at 30 June 2024[2]
Directors										
Zuo Conglin	Vice Chairperson of the Board, Executive Director	47.91	17 July 2020	37,632	0	0		0	0	37,632
Gao Dapeng	Executive Director, General Manager, Secretary to the Board, Joint Company Secretary	47.91	17 July 2020	11,760	0	0		0	0	11,760
Sun Yunxia	Executive Director, Vice General Manager	47.91	17 July 2020	11,760	0	0		0	0	11,760
Yao Dalin	Executive Director, Senior Vice General Manager, Chief Scientific Officer	47.91	17 July 2020	11,760	0	0		0	0	11,760
Subtotal				**72,912**	**0**	**0**		**0**	**0**	**72,912**
Senior Management										
Yu Aishui	Chief Financial Officer	47.91	17 July 2020	5,880	0	0		0	0	5,880
Subtotal				**5,880**	**0**	**0**		**0**	**0**	**5,880**
Other employees		47.91	17 July 2020	740,096	0	0		0	0	740,096
Total				**818,888**	**0**	**0**		**0**	**0**	**818,888**

Notes:

(1) The options available for grant under the 2020 Share Option Scheme as at 1 January 2024 were 818,888.

(2) The options available for grant under the 2020 Share Option Scheme as at 30 June 2024 were 818,888.

(3) As the date of this report, no options was available for issue under the 2018 Share Option and Restricted Share Award Scheme and the 2019 Share Option and Restricted Share Award Scheme. 818,888 Shares were available for issue under the 2020 Share Option Scheme, representing 0.1% of issued shares.

(4) At the ninth meeting of the fifth session of the Board of Directors held on 30 August 2024, the Company considered and approved the resolution on cancellation of the remaining third tranche of options (representing 818,888 underlying A Shares) under the 2020 Share Option Scheme. As at the date of this report, the Company has canceled the remaining third tranche of options under the 2020 Share Option Scheme.

As at 1 January 2024 and up till the date of this report, there is no outstanding RSUs under the Pre-IPO Share Option and Restricted Share Award Schemes.

POST-IPO RESTRICTED SHARE AWARD SCHEME AND THE STOCK OWNERSHIP PLAN

The Company adopted the 2021 Restricted A Share Incentive Scheme and 2021 A Share Employee Stock Ownership Plan on 19 January 2022 and 2022 A Share Employee Stock Ownership Plan on 18 November 2022.

As at 1 January 2024 and up till the date of this report, there is no outstanding restricted shares and A shares under the 2021 Restricted A Share Incentive Scheme, 2021 A Share Employee Stock Ownership Plan and 2022 A Share Employee Stock Ownership Plan. Furthermore, as at the date of this report, the 2021 Restricted A Share Incentive Scheme, 2021 A Share Employee Stock Ownership Plan and 2022 A Share Employee Stock Ownership Plan have already ended.

2022 H SHARES INCENTIVE SCHEME

The Company adopted the 2022 H Shares Incentive Scheme on 24 June 2022.

Summary of Terms

(a) Purpose of the Scheme

The purposes of the 2022 H Shares Incentive Scheme are (i) to attract and retain the core management team, to fully mobilize the enthusiasm of employees, and to promote sustainable business development; (ii) to align the interests of the employees and the Shareholders, and to strengthen the concept and corporate culture of the sustainable development of the Company and individuals; and (iii) to promote the further improvement of the Company's business performance and to jointly achieve the Company's strategic objectives.

(b) Type of Awards

The 2022 H Shares Incentive Scheme provides for awards of H Shares.

(c) Participants of the Scheme

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

(d) Source

The source of 2022 H Shares Incentive Scheme shall be H Shares to be acquired by the Trustee. The Trustee may accept Shares transferred, gifted, assigned, or conveyed to the Trust from any party designated by the Company from time to time in such number as such party designated by the Company may at their sole discretion determine, which shall constitute part of the trust fund.

(e) Maximum Number of Shares

The maximum size of the 2022 H Shares Incentive Scheme shall be the maximum number of H Shares that will be acquired by the Trustee through on-market transactions from time to time at the prevailing market price with funds in the amount of not more than RMB600 million (the "**Scheme Limit**").

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

There is no maximum entitlement limit for each participant in the 2022 H Shares Incentive Scheme.

(f) Vesting Period

The Board or its delegate(s) may from time to time while the 2022 H Shares Incentive Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award to be vested.

Vesting of an award shall be subject to fulfilment of each of the following conditions: (i) fulfilment of all of the vesting criteria and conditions as determined by the Board or its delegated authority at their absolute discretion; (ii) the selected participant shall remain an eligible participant as of the vesting date; and (iii) the selected participant has not been dismissed by any member of the Group, has not been adjudged bankrupt or insolvent, has not been convicted of any offences involving fraud, dishonesty or corruption, and has not been prosecuted or convicted of any offences under SFO or other rules or regulations of similar nature.

(g) Term

Subject to the termination provisions under the 2022 H Shares Incentive Scheme, the term of the 2022 H Shares Incentive Scheme shall be 10 years commencing on the date of adoption, 24 June 2022. The remaining life of the 2022 H Shares Incentive Scheme is around 8 years.

(h) Basis of Determining the Price of the H Shares

There is no purchase price of the H Shares under the 2022 H Shares Incentive Scheme.

LIST OF GRANTEES UNDER THE 2022 H SHARES INCENTIVE SCHEME

During the Reporting Period, no H Shares have been awarded to the eligible participants under the 2022 H Shares Incentive Scheme. During the Reporting Period, the Company has repurchased 5,768,000 H Shares through the Trust at a total consideration of HK$53,054,842, representing 0.77% of the total issued share capital as at the date of this report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S 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 5,768,000 H shares through trust for an aggregate consideration of HK$53,054,842 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)).

As at 30 June 2024, the Company had 1,768,814 treasury A Shares.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions as set out in the CG Code, and has complied with the applicable code provisions during the six months ended 30 June 2024.

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

COMPLIANCE WITH THE MODEL CODE

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code. Specific enquiries have been made to all the Directors and they have confirmed that they have complied with the Model Code during the six months ended 30 June 2024.

AUDIT COMMITTEE

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 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.

MATERIAL LITIGATION AND ARBITRATION

For the six months ended 30 June 2024, the Group did not have any material litigation or arbitration.

CHANGE IN DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(i) Change in Directors and Composition of Board Committees

There were no changes in Directors and composition of Board Committees for the six months ended 30 June 2024.

(ii) Change in Supervisors

For the six months ended 30 June 2024, there were no changes in Supervisors.

(iii) Change in Biographies of Directors and Supervisors

Mr. Zhang Fan, an independent non-executive Director, has ceased to be the managing director of corporate client services department at China Everbright Limited (中國光大控股有限公司) since April 2024, and has become the chief executive director of WeShare Asset Management Limited (新分享資產管理有限公司) since May 2024.

For the six months ended 30 June 2024, there were no changes in biographies of Directors and Supervisors.

(iv) Change in Senior Management

For the six months ended 30 June 2024, there were no changes in senior management.

For the six months ended 30 June 2024, there was no change in the employees and remuneration policies of the Company. A review of the employees and remuneration policies of the Group during the Reporting Period is set out in "Management Discussion and Analysis – II. Financial Review – Employees and Remuneration Policy" in this report.

USE OF PROCEEDS FROM THE GLOBAL OFFERING

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	–	–	
(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	–	–	–	–	

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
(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
(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

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
(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	

Ms. Feng Yuxia
Chairperson of the Board

Hong Kong, 30 August 2024

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

For six months ended 30 June 2024
(Expressed in RMB)

	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

Unaudited Consolidated Statement of Profit or Loss and Other Comprehensive Income

For six months ended 30 June 2024
(Expressed in RMB)

	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 Consolidated Statement of Financial Position

At 30 June 2024
(Expressed in RMB)

	Notes	At 30 June 2024 RMB'000 (Unaudited)	At 31 December 2023 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	9	**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	10	**400,440**	558,874
Financial assets at FVOCI		**159,840**	159,840
Financial assets at fair value through profit or loss("FVTPL")	11	**615,111**	587,784
Certificates of deposits		**1,380,647**	30,832
Other non-current assets	12	**36,330**	32,784
Deferred tax assets	22(b)	**37,516**	28,251
		4,168,390	2,905,192
Current assets			
Inventories	13	**185,603**	184,593
Contract costs	14	**843,425**	772,739
Biological assets	10	**603,116**	905,749
Contract assets	15(a)	**108,670**	127,172
Trade and bills receivables	16	**209,419**	212,888
Prepayments and other receivables	17	**156,403**	149,070
Certificates of deposits		**–**	1,533,490
Financial assets at FVTPL	11	**1,228,053**	373,354
Cash at bank and on hand	18	**2,158,195**	2,862,912
		5,492,884	7,121,967
Current liabilities			
Trade payables	19	**64,587**	43,323
Contract liabilities	15(b)	**1,128,532**	1,151,974
Other payables	20	**282,606**	203,215
Lease liabilities		**27,926**	27,500
Income tax payable	22(a)	**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

Unaudited Consolidated Statement of Financial Position

At 30 June 2024
(Expressed in RMB)

	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	22(b)	**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	24	**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

Unaudited Consolidated Statement of Changes in Equity

For six months ended 30 June 2024
(Expressed in RMB)

	Attributable to equity shareholders of the Company									
	Share capital RMB'000 Note (24)	Capital reserve RMB'000	Share award reserve RMB'000	Statuary reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
Balance at 1 January 2024	**749,889**	**5,267,128**	**(146,452)**	**144,260**	**7,154**	**93,364**	**2,163,973**	**8,279,316**	**1,725**	**8,281,041**
Changes in equity for six months ended 30 June 2024:										
(Loss) for the period	-	-	-	-	-	-	(169,742)	(169,742)	(2,496)	(172,238)
Other comprehensive income	-	-	-	-	3,025	-	-	3,025	-	3,025
Total comprehensive (expense)/income	-	-	-	-	3,025	-	(169,742)	(166,717)	(2,496)	(169,213)
Share held for Share Incentive Schemes	-	-	(76,609)	-	-	-	-	(76,609)	-	(76,609)
Dividends declared in respect of the previous year	-	-	-	-	-	-	(119,977)	(119,977)	-	(119,977)
Balance at 30 June 2024	**749,889**	**5,267,128**	**(223,061)**	**144,260**	**10,179**	**93,364**	**1,874,254**	**7,916,013**	**(771)**	**7,915,242**

Unaudited Consolidated Statement of Changes in Equity

For six months ended 30 June 2024
(Expressed in RMB)

	Attributable to equity shareholders of the Company									
	Share capital RMB'000	Capital reserve RMB'000	Share award reserve RMB'000	Statuary reserve RMB'000	Exchange reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total Equity RMB'000
Balance at 1 January 2023	535,679	5,480,135	(53,154)	119,511	3,145	92,412	2,005,973	8,183,701	7,165	8,190,866
Changes in equity for six months ended 30 June 2023:										
(Loss)/profit for the period	–	–	–	–	–	–	90,627	90,627	(1,119)	89,508
Other comprehensive income	–	–	–	–	13,252	–	–	13,252	–	13,252
Total comprehensive (expense)/income	–	–	–	–	13,252	–	90,627	103,879	(1,119)	102,760
Shares transferred under employee stock ownership plan	–	(2,655)	5,386	–	–	–	–	2,731	–	2,731
Unlock of restricted shares	–	–	11,220	–	–	–	–	11,220	–	11,220
Share held for Share Incentive Schemes	–	–	(72,327)	–	–	–	–	(72,327)	–	(72,327)
Recognition of share-based payments	–	3,156	–	–	–	–	–	3,156	–	3,156
Recognition of tax effect related with share-based payments	–	(88)	–	–	–	–	–	(88)	–	(88)
Dividends declared in respect of the previous year	–	–	–	–	–	–	(214,258)	(214,258)	–	(214,258)
Balance at 30 June 2023	535,679	5,480,548	(108,875)	119,511	16,397	92,412	1,882,342	8,018,014	6,046	8,024,060

Unaudited Consolidated Cash Flow Statement

For six months ended 30 June 2024
(Expressed in RMB)

	Six months ended 30 June 2024 RMB'000 (Unaudited)	Six months ended 30 June 2023 RMB'000 (Unaudited)
Operating activities		
Cash generated from operations	**229,494**	336,537
Income tax paid	**(73,217)**	(90,527)
Net cash generated from operating activities	**156,277**	246,010
Investing activities		
Acquisition of a subsidiary, net of cash acquired	**–**	(90,060)
Proceeds from disposal of an associate, net of cash acquired	**35,000**	–
Payment for acquisition of RMB wealth management products	**(1,154,000)**	(120,000)
Payment for investments in unlisted funds	**(29,900)**	(25,000)
Purchase of property, plant and equipment	**(128,349)**	(100,990)
Purchase of intangible assets	**(1,680)**	(3,060)
Payment for acquisition of certificates of deposits	**(1,346,229)**	(30,000)
Proceeds from disposal of RMB wealth management products	**308,902**	293,525
Proceeds from disposal of equity investment in a listed company	**–**	27,516
Proceeds from disposal of certificates of deposits	**1,557,839**	–
Dividends received from unlisted funds	**3,000**	1,300
Proceeds from disposal of property, plant and equipment	**545**	44
Release of restricted deposits	**9,200**	4,418
Government grant received related to assets	**1,440**	200
Net cash used in investing activities	**(744,232)**	(42,107)
Financing activities		
Repayment of interest-bearing borrowings	**–**	(6,816)
Share held for Share Incentive Schemes	**(76,558)**	(72,328)
Payments for cancellation of restricted shares	**(16,368)**	(672)
Interest paid	**–**	(85)
Capital element of lease rentals paid	**(14,145)**	(13,531)
Interest element of lease rentals paid	**(179)**	(171)
Net cash generated from financing activities	**(107,250)**	(93,603)
Effect of foreign exchange rate changes on cash and cash equivalents	**(247)**	17,779
Net (decrease)/increase in cash and cash equivalents	**(695,452)**	128,079
Cash and cash equivalents at 1 January	**2,853,647**	2,899,470
Cash and cash equivalents at 30 June	**2,158,195**	3,027,549

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 financial report 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"). It was authorised for issue on 30 August 2024.

The interim financial report 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 financial report 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 financial report 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 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 financial report 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 this interim financial report 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 RMB'000	Six months ended 30 June 2023 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 was approximately 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.

4. REVENUE AND SEGMENT REPORTING (CONTINUED)

(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.

4. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(i) Segment results (continued)

	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

4. REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment gross profit

	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 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 RMB'000	Six months ended 30 June 2023 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 RMB'000	At 31 December 2023 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 RMB'000	Six months ended 30 June 2023 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 RMB'000	Six months ended 30 June 2023 RMB'000
Interest on interest-bearing borrowings	**–**	85
Interest on lease liabilities	**1,249**	1,596
	1,249	1,681

6. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

(b) Staff costs

	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 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.

6. (LOSS)/PROFIT BEFORE TAXATION (CONTINUED)

(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

(Expressed in RMB unless otherwise indicated)

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. PROPERTY, PLANT AND EQUIPMENT

During the current interim period, the Group acquired property, plant and equipment of approximately RMB120,148,000 (six months ended 30 June 2023: RMB95,048,000) for the expansion of production facilities and research capacity.

10. BIOLOGICAL ASSETS

The biological assets of the Group are mainly including research models for non-clinical studies which are classified as current assets, and research models for breeding which are classified as non-current assets of the Group.

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Non-current assets		
– Non-human primates for breeding	**400,315**	558,874
– Rodents for breeding	**125**	–
	400,440	558,874
Current assets		
– Non-human primates for non-clinical studies	**602,620**	905,741
– Rodents for non-clinical studies	**496**	8
	603,116	905,749
	1,003,556	1,464,623

10. BIOLOGICAL ASSETS (CONTINUED)

(a) Analysis of non-human primates

	Non-human primates for breeding RMB'000	Non-human primates for non-clinical studies RMB'000	Total RMB'000
At 1 January 2023	787,405	1,071,026	1,858,431
Increase due to purchasing/raising	–	17,420	17,420
Breeding cost*	–	22,190	22,190
Decrease due to sales	–	(140,346)	(140,346)
Decrease due to mortality	(651)	(3,622)	(4,273)
Changes in fair value of biological assets	(243,402)	(45,405)	(288,807)
Transfer	15,522	(15,522)	–
At 31 December 2023	**558,874**	**905,741**	**1,464,615**
Breeding cost*	**–**	**13,302**	**13,302**
Decrease due to sales	**–**	**(218,431)**	**(218,431)**
Decrease due to mortality	**(280)**	**(1,830)**	**(2,110)**
Changes in fair value of biological assets	**(164,438)**	**(90,003)**	**(254,441)**
Transfer	**6,159**	**(6,159)**	**–**
At 30 June 2024	**400,315**	**602,620**	**1,002,935**

Note:

* Breeding cost incurred for non-human primates mainly include feeding costs, staff costs, depreciation and amortisation expenses and utilities costs. Breeding cost incurred for non-human primates for breeding has been charged to profit or loss.

(Expressed in RMB unless otherwise indicated)

10. BIOLOGICAL ASSETS (CONTINUED)

(b) Fair value measurement of biological assets

The fair value measurements of biological assets fall into Level 3 of the fair value hierarchy.

The Group's non-human primates were revalued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer at 31 December 2023. At 30 June 2024, the valuations were carried out by management.

The fair values of biological assets are determined using market approach and depreciated replacement cost approach. Market price and replacement cost and adjustment factors based on the characteristics of the biological assets (including age, gender, health status, breeding useful life and etc.) were used in the calculations of fair values.

Information about Level 3 fair value measurements:

Fair value hierarchy	Valuation technique	Inputs	Relationship of unobservable inputs to fair value
Level 3	Market approach and depreciated replacement cost approach	Market prices of non-human primates research model	The higher the market price, the higher the fair value

As at 30 June 2024, the average market price of the non-human primates research model of 3 to 5 years old is RMB80,000 per head. For female non-human primate research models and male non-human primate research models above 5 years, the fair values are estimated using depreciated replacement cost approach, which are based on the residue useful lives of female non-human primate research models and male non-human primate research models at the age of 5 years.

The estimated fair value of non-human primates increases/decreases as a result of an increase/decrease in the market price and replacement cost. As at 30 June 2024 if market price and replacement cost increases/decreases by 10%, the estimated fair value of biological assets would have increased/decreased by RMB100,293,000 (31 December 2023: RMB146,462,000).

Changes in fair value of biological assets are presented in "losses arising from changes in fair value of biological assets" in the consolidated statement of profit or loss and other comprehensive income.

11. FINANCIAL ASSETS AT FVTPL

	At 30 June 2024 RMB'000	At 31 December 2023 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 Jinyifuxin Biopharmaceutical Venture Capital Partnership Enterprise at a consideration of RMB299,000,000. The Company paid RMB29,900,000 in June 2024.

12. OTHER NON-CURRENT ASSETS

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Prepayment for land use rights	**17,794**	17,794
Prepayments for acquisition of property, plant and equipment	**13,791**	10,093
Others	**4,745**	4,897
	36,330	32,784

13. INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Raw materials and consumables	**198,792**	191,517
Less: write-down of inventories	**(13,189)**	(6,924)
	185,603	184,593

For the six months ended 30 June 2024, the Group's amount of inventories recognised as expense and included in the consolidated statement of profit or loss is RMB335,968,000 (six months ended 30 June 2023: RMB339,397,000).

14. CONTRACT COSTS

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Costs to fulfil contracts	**915,653**	805,981
Less: write-down of contract costs	**(72,228)**	(33,242)
	843,425	772,739

15. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Contract assets	**109,216**	127,811
Less: loss allowance	**(546)**	(639)
	108,670	127,172

The contract assets primarily relate to the Group's right to the consideration for work completed but not yet billed. The contract assets will be transferred to trade receivables when the rights become unconditional.

(b) Contract liabilities

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Amounts received in advance of the delivery of services	**1,128,532**	1,151,974

	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Revenue recognised during the period that was included in the contract liabilities at the beginning of the period	**468,637**	544,789

Normally the Group receives advanced payments before the provision of non-clinical study services to customers. Contract liabilities represent the Group's obligations to transfer services to customers for which the Group have received advanced payments received from such customers.

16. TRADE AND BILLS RECEIVABLES

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

17. PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Prepayments for purchase of inventories and receiving of services	**99,241**	110,147
Value added tax recoverable	**26,662**	16,640
Prepayments for miscellaneous expenses	**7,455**	9,838
Deposits	**13,910**	11,268
Income tax recoverable	**9,081**	937
Others	**1,155**	1,121
	157,504	149,951
Less: loss allowance	**(1,101)**	(881)
	156,403	149,070

All of the prepayments and other receivables are expected to be recovered or recognised as expense within one year.

18. CASH AT BANK AND ON HAND

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Cash at bank	**2,158,195**	2,862,912
Cash at bank and on hand included in the consolidated statement of financial position	**2,158,195**	2,862,912
Less: restricted deposits	**–**	(9,265)
Cash and cash equivalents included in the consolidated cash flow statement	**2,158,195**	2,853,647

19. 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.

20. OTHER PAYABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Payables for staff related costs	**87,935**	106,583
Payables for acquisition of property, plant and equipment	**66,045**	67,813
Dividends payable (Note 23)	**119,977**	–
Payables for other taxes	**5,963**	7,641
Considerations received from employees for subscribing restricted shares of the Company under share incentive scheme	**–**	16,369
Others	**2,686**	4,809
	282,606	203,215

All of the other payables are expected to be settled within one year or are repayable on demand.

21. EQUITY-SETTLED SHARE-BASED TRANSACTIONS

(a) Share options

The number and weighted average exercise prices of share options are as follows:

	Six months ended 30 June 2024		Six months ended 30 June 2023	
	Weighted average exercise price	Number of options	Weighted average exercise price	Number of options
Outstanding at the beginning of the period	**RMB47.91**	**818,888**	RMB47.90	1,238,675
Outstanding at the end of the period	**RMB47.91**	**818,888**	RMB47.90	1,238,675
Exercisable at the end of the period	**–**	**–**	–	530,494

21. EQUITY-SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) Restricted shares

Set out below are details of the movements of the restricted shares:

	Six months ended 30 June 2024	Six months ended 30 June 2023
Outstanding at the beginning of the period	**–**	516,113
Granted during the period	**–**	–
Unlocked during the period	**–**	(187,880)
Outstanding at the end of the period	**–**	328,233

(c) Share-based payment expenses

The Group has recognised share-based payment expenses of RMB Nil during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB3,156,000).

22. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the statement of financial position represents:

	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Net balance of income tax payable at 1 January	**40,416**	55,879
Provision for the period	**38,264**	53,350
Income tax paid	**(73,217)**	(90,527)
Net balance of income tax payable at 30 June	**5,463**	18,702
Represented by:		
Income tax recoverable included in prepayments and other receivables (Note 17)	**(9,081)**	(6,353)
Income tax payable	**14,544**	25,055
	5,463	18,702

22. INCOME TAX IN THE STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised:

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is a summary of the deferred tax balances for financial reporting purposes:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Deferred tax assets	**37,516**	28,251
Deferred tax liabilities	**(128,282)**	(162,341)
	(90,766)	(134,090)

23. 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.

24. 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**

(Expressed in RMB unless otherwise indicated)

25. FAIR VALUES MEASUREMENT

(a) Fair value hierarchy

Fair values are categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs, i.e., unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

– Level 2 valuations: Fair value measured using Level 2 inputs, i.e., observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

– Level 3 valuations: Fair value measured using significant unobservable inputs.

(b) Financial assets measured at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis.

Financial assets	**Fair value at 30 June 2024**	Fair value at 31 December 2023	**Fair value hierarchy**
Equity investment in an unlisted company designated at FVOCI	**159,840**	159,840	Level 3
Equity investment in an unlisted company at FVTPL (Note 11)	**354,639**	354,639	Level 3
Investments in unlisted funds (Note 11)	**260,472**	233,145	Level 3
RMB wealth management products (Note 11)	**1,228,053**	373,354	Level 3

During the six months ended 30 June 2024, there were no transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

25. FAIR VALUES MEASUREMENT (CONTINUED)

(b) Financial assets measured at fair value (continued)

(i) Information about Level 3 fair value measurements

The fair value of equity investment in an unlisted company at FVOCI is determined using the price to book ratio of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. At 30 June 2024, if the discount for lack of marketability had been one percentage point higher/lower, the Group's total comprehensive income would have been RMB1,955,000 lower/higher.

The fair value of equity investment in an unlisted company at FVTPL is determined based on the price to book ratio of comparable listed companies and the equity allocation model, and the fair value measurement is negatively correlated to the expected volatility. At 30 June 2024, if the expected volatility had been one percentage point higher/lower, the Group's profit for the year and retained profits would have been RMB640,000 lower/higher.

The fair value of RMB wealth management products is determined by calculating based on the discounted cash flow method. The main level 3 inputs used by the Group for RMB wealth management products are the expected rates of return. As at 30 June 2024, if the expected rate of return of the investment in RMB wealth management products held by the Group had been one percentage point higher/lower, the Group's profit for the year and retained profits would have been RMB1,533,000 higher/lower.

The fair values of which are based on the net asset values of the investments in unlisted funds reported to the limited partners by the general partners at the end of the reporting period.

25. FAIR VALUES MEASUREMENT (CONTINUED)

(b) Financial assets measured at fair value (continued)

(i) Information about Level 3 fair value measurements (continued)

The movements during the period in the balance of Level 3 fair value measurements are as follows:

	Equity investment in an unlisted company designated at FVOCI RMB'000	Equity investment in an unlisted company at FVTPL RMB'000	RMB wealth management products RMB'000	Investments in unlisted funds RMB'000
At 1 January 2023	158,720	317,749	381,326	168,174
Additions in investments	–	–	555,000	62,352
Net realised and unrealised gains or losses recognised in profit or loss during the period	–	36,890	14,560	2,433
Changes in fair value recognised in other comprehensive income	1,120	–	–	–
Exchange adjustments	–	–	–	186
Disposal of financial assets	–	–	(577,532)	–
At 31 December 2023	159,840	354,639	373,354	233,145
Additions in investments	**–**	**–**	**1,154,000**	**29,900**
Net realised and unrealised gains or losses recognised in profit or loss during the period	**–**	**–**	**9,601**	**(2,803)**
Changes in fair value recognised in other comprehensive income	**–**	**–**	**–**	**–**
Exchange adjustments	**–**	**–**	**–**	**230**
Disposal of financial assets	**–**	**–**	**(308,902)**	**–**
At 30 June 2024	**159,840**	**354,639**	**1,228,053**	**260,472**

(c) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2024.

26. COMMITMENTS

Capital commitments outstanding at 30 June 2024 not provided for in the consolidated financial statements were as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Purchase of property, plant and equipment:		
– Contracted for	**119,906**	162,725

27. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES

(a) Names and relationships of the related parties that had material transactions with the Group during both years:

Name of related parties	Relationship
Staidson (Beijing) Biopharmaceuticals Co., Ltd. ("Staidson group") 舒泰神(北京)生物製藥股份有限公司	A company controlled by the controlling shareholders
Beijing SoloBio Genetechnology Company Ltd. ("Staidson group") 北京三諾佳邑生物技術有限責任公司	A company controlled by the controlling shareholders
Staidson Biopharma Inc. ("Staidson group")	A company controlled by the controlling shareholders
Biorichland LLC	A company controlled by close family members of the controlling shareholders
Beijing Heyu Pharmaceutical Technology Co., Ltd. ("Heyu group") 北京和輿醫藥科技有限公司	A company controlled by close family members of the director of the Company
Heyu (Suzhou) Pharmaceutical Technology Co., Ltd. ("Heyu group") 和輿(蘇州)醫藥科技有限公司	A company controlled by close family members of the director of the Company
Beijing Joinn Biologics Co. Ltd., ("Joinn Biologics group") 北京昭衍生物技術有限公司	A company controlled by the controlling shareholders

27. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(a) Names and relationships of the related parties that had material transactions with the Group during both years: (continued)

Name of related parties	Relationship
JOINN Biologics Inc. ("Joinn Biologics group")	A company controlled by the controlling shareholders
Suzhou Qixi Bio-Valley Co., Ltd. ("Qixi group") 蘇州七溪生物矽谷有限公司	A company controlled by the controlling shareholders
Suzhou Qixi Operating Management Co., Ltd. ("Qixi group") 蘇州七溪運營管理有限公司	A company controlled by the controlling shareholders
Yizhao (Beijing) Pharmaceutical Technology Co., Ltd. ("Yizhao") 熠昭(北京)醫藥科技有限公司	A company controlled by the controlling shareholders
Jiangsu Sinotau Molecular Imaging Science & Technology Co., LTD. 江蘇先通分子影像科技有限公司	Associate of the company

27. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(b) Transactions with related parties

	Six months ended 30 June 2024 RMB'000	Six months ended 30 June 2023 RMB'000
Provision of services to Staidson group	**10,385**	31,542
Provision of service to Joinn Biologics group	**592**	123
Provision of services to Heyu group	**–**	93
Purchase of services from Joinn Biologics group	**258**	–
Purchase of services from Qixi group	**159**	81
Lease expenses of offices from Joinn Biologics group	**8**	–
Lease expenses of offices from Yizhao	**223**	–

(c) Leasing arrangements

In 2021, the Group entered into a lease agreement in respect of certain premises including research model facilities, laboratories and office, together with all equipment to be used for research and development space, from Biorichland LLC.

At the commencement date of the lease, the Group recognised a right-of-use asset and a lease liability of USD6,025,000, which is equivalent to RMB42,938,000. The rental paid/payable by the Group during the six months ended 30 June 2024 amounted at USD672,000, which is equivalent to RMB4,772,000.

In 2023, the Group entered into a lease agreement in respect of buildings, from Qixi group.

At the commencement date of the lease, the Group recognised a right-of-use asset and a lease liability of RMB7,563,000. The rental paid/payable by the Group during the six months ended 30 June 2024 amounted at RMB1,447,000.

In 2023, the Group entered into a lease agreement in respect of office to be used for filling, from Joinn Biologics group.

At the commencement date of the lease, the Group recognised a right-of-use asset and a lease liability of RMB2,429,000. The rental paid/payable by the Group during the six months ended 30 June 2024 amounted at RMB443,000.

27. MATERIAL RELATED PARTY TRANSACTIONS AND BALANCES (CONTINUED)

(d) Balances with related parties

The Group's balances with related parties as at the end of reporting period are as follows:

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Contract assets	**7,865**	15,834
Trade and bills receivables	**46,298**	29,944
Prepayments and other receivables	**2,510**	3,214
Contract liabilities	**11,539**	12,612
Trade payables	**17**	53
Other payables	**22**	–

The balances with related parties disclosed above are trade in nature.

(e) Key management personnel remuneration

Remuneration for key management personnel of the Group is RMB5,421,000 during the six months ended 30 June 2024 (six months ended 30 June 2023: RMB6,527,000).