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Qyuns Therapeutics Co., Ltd.
江蘇荃信生物醫藥股份有限公司

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

(Stock Code: 2509)

**SUPPLEMENTAL AGREEMENT TO THE CDMO SERVICES
FRAMEWORK AGREEMENT AND REVISION OF ANNUAL CAPS
FOR CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Prospectus dated March 12, 2024 published by the Company in relation to the CDMO Services Framework Agreement entered into between Cellularforce, a subsidiary of the Company, and Zhongmei Huadong on January 16, 2024. Unless otherwise defined, terms used in this announcement shall have the same meanings as defined in the Prospectus.

**ENTERING INTO THE SUPPLEMENTAL AGREEMENT AND REVISION OF ANNUAL CAPS
FOR CONTINUING CONNECTED TRANSACTIONS**

Pursuant to the CDMO Services Framework Agreement, Zhongmei Huadong Group may from time to time commission Cellularforce to provide CDMO services for their drug substance and drug products and in return Zhongmei Huadong Group shall agree to pay service fees to Cellularforce for such CDMO services. The CDMO Services Framework Agreement has a term commencing from March 20, 2024 to December 31, 2025, which may be renewed for a further term not exceeding three years from time to time, as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The service fees chargeable by Cellularforce will be determined after arm's length negotiations between Cellularforce and Zhongmei Huadong Group on a cost-plus basis, with the cost-plus margin ranging from approximately 5% to 30% of our cost depending on the nature, scope and complexity of services to be provided, the expected cost and expenses for provision of the required services. Relevant members of both parties will enter into separate CDMO services agreements setting out the specific terms and conditions based on the principles provided in the CDMO Services Framework Agreement.

Taking into account the actual business needs of the Group, on November 29, 2024, Zhongmei Huadong entered into the Supplemental Agreement with Cellularforce to renew the CDMO Services Framework Agreement for a period of one year to December 31, 2026, increase the annual caps for the years ending December 31, 2024 and December 31, 2025 from RMB10.0 million and RMB12.0 million to RMB16.0 million and RMB30.0 million, respectively, and set the annual cap for the year ending December 31, 2026 at RMB20.0 million, which shall be based on the amount of gross income excluding tax. Except for the matters expressly supplemented or amended in the Supplemental Agreement, all other terms of the CDMO Services Framework Agreement shall continue to be effective.

REASONS FOR AND BENEFITS OF REVISION OF ANNUAL CAPS

The provisions of CDMO services under the CDMO Services Framework Agreement and the Supplemental Agreement are in the ordinary and usual course of business of our Group and on normal commercial terms. The transactions under the CDMO Services Framework Agreement and the Supplemental Agreement can enhance the utilization of our in-house, commercial-scale biologic drug manufacturing capability and fulfill our business needs. Cellularforce strives to expand its cash flow streams by providing CDMO services to external parties. The provision of CDMO services enables Cellularforce to improve capacity utilization and operational efficiency, generate additional cash flow at the group level, and in turn support our research and development activities. The annual caps are revised and set in light of our anticipated workload, work orders and expected schedule for CDMO services to be provided to Zhongmei Huadong Group for the three years ending December 31, 2026. Cellularforce continues to enhance its external CDMO services, and Zhongmei Huadong Group has additional demand for CDMO services under its product development plans. In particular: (i) a new CDMO service agreement was entered into in August 2024, the contract amount of which is approximately RMB8.0 million; (ii) based on the current status of the projects under the existing agreement, Cellularforce will complete the pharmaceutical studies for two IND projects of Zhongmei Huadong in 2024, with milestones for both projects, other than the stability study (which is a five-year study), to be completed in 2024, and the remaining transaction amounts will be recorded in 2025 and 2029, respectively; (iii) it is expected that in 2025, the parties will enter into service contracts for three IND projects and one production project, each of which is expected to be completed within twelve months of commencement, except for stability study. The anticipated significant amount of the aforementioned production project service contracts is the primary reason for the larger increase in annual cap for 2025; (iv) the annual cap for 2026 is determined based on historical transaction amounts, and the parties are expected to enter into service contracts for three IND projects in 2026, each of which is expected to be completed within twelve months of commencement, except for stability study; and (v) the relevant fees charged by Cellularforce will be adjusted based on changes in the operating costs for provision of CDMO services, including labor costs, material costs and administrative costs. As the operating costs for provision of CDMO services are expected to increase by approximately 5% to 10%, the relevant fees charged by Cellularforce are also expected to increase on a year-on-year basis.

IMPLICATIONS UNDER CHAPTER 14A OF THE LISTING RULES

As at the date of this announcement, Zhongmei Huadong is our substantial Shareholder holding 16.17% of the issued share capital of the Company and is therefore a core connected person of the Company as defined under the Listing Rules. Accordingly, the receipt of CDMO service fees from Zhongmei Huadong will constitute a connected transaction under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than profit margin) for the annual caps under the CDMO Services Framework Agreement and the Supplemental Agreement are more than 0.1% but less than 5% on an annualized basis, the transactions contemplated under the CDMO Services Framework Agreement and the Supplemental Agreement are subject to reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

A. BACKGROUND

Reference is made to the Prospectus in relation to, among others, the fact that Cellularforce, our CMC-focused subsidiary, entered into the CDMO Services Framework Agreement with Zhongmei Huadong on January 16, 2024. Pursuant to the CDMO Services Framework Agreement, Zhongmei Huadong and/or its subsidiaries (“**Zhongmei Huadong Group**”) may from time to time commission Cellularforce to provide CDMO services for their drug substance and drug products and in return Zhongmei Huadong Group shall agree to pay service fees to Cellularforce for such CDMO services. The CDMO Services Framework Agreement has a term commencing from March 20, 2024 to December 31, 2025, which may be renewed for a further term not exceeding three years from time to time, as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The service fees chargeable by Cellularforce will be determined after arm’s length negotiations between Cellularforce and Zhongmei Huadong Group on a cost-plus basis, with the cost-plus margin ranging from approximately 5% to 30% of our cost depending on the nature, scope and complexity of services to be provided, the expected cost and expenses for provision of the required services.

B. ENTERING INTO THE SUPPLEMENTAL AGREEMENT AND REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

As disclosed in the Prospectus, the Directors estimate that the maximum amount of service fees payable by Zhongmei Huadong Group to Cellularforce under the CDMO Services Framework Agreement for each of the two years ending December 31, 2025 will not exceed RMB10.0 million and RMB12.0 million, respectively. Taking into account the actual business needs of the Group, the Group estimates that the existing annual caps for provision of CDMO services to Zhongmei Huadong for the year ending December 31, 2024 and the year ending December 31, 2025 will not be sufficient. As such, on November 29, 2024, Zhongmei Huadong entered into the Supplemental Agreement with Cellularforce to renew the CDMO Services Framework Agreement for a period of one year to December 31, 2026, increase the annual caps for the years ending December 31, 2024 and December 31, 2025 from RMB10.0 million and RMB12.0 million to RMB16.0 million and RMB30.0 million, respectively, and set the annual cap for the year ending December 31, 2026 at RMB20.0 million, which shall be based on the amount of gross income excluding tax. Except for the matters expressly supplemented or amended in the Supplemental Agreement, all other terms of the CDMO Services Framework Agreement shall continue to be effective.

For the year ended December 31, 2023 and from January 1, 2024 to June 30, 2024, the transaction amounts incurred under the CDMO Services Framework Agreement were approximately RMB10.4 million and approximately RMB0.5 million, respectively. The Company confirms that the actual transaction amounts of the transactions under the CDMO Services Framework Agreement from January 1, 2024 to the date of this announcement have not exceeded the original annual cap for relevant transactions for the year ending December 31, 2024.

C. REASONS FOR AND BENEFITS OF REVISION OF ANNUAL CAPS

The provisions of CDMO services under the CDMO Services Framework Agreement and the Supplemental Agreement are in the ordinary and usual course of business of our Group and on normal commercial terms. The transactions under the CDMO Services Framework Agreement and the Supplemental Agreement can enhance the utilization of our in-house, commercial-scale biologic drug manufacturing capability and fulfill our business needs. Cellularforce strives to expand its cash flow streams by providing CDMO services to external parties. The provision of CDMO services enables Cellularforce to improve capacity utilization and operational efficiency, generate additional cash flow at the group level, and in turn support our research and development activities. The annual caps are revised and set in light of our anticipated workload, work orders and expected schedule for CDMO services to be provided to Zhongmei Huadong Group for the three years ending December 31, 2026. Cellularforce continues to enhance its external CDMO services, and Zhongmei Huadong Group has additional demand for CDMO services under its product development plans. In particular: (i) a new CDMO service agreement was entered into in August 2024, the contract amount of which is approximately RMB8.0 million; (ii) based on the current status of the projects under the existing agreement, Cellularforce will complete the pharmaceutical studies for two IND projects of Zhongmei Huadong in 2024, with milestones for both projects, other than the stability study (which is a five-year study), to be completed in 2024, and the remaining transaction amounts will be recorded in 2025 and 2029, respectively; (iii) it is expected that in 2025, the parties will enter into service contracts for three IND projects and one production project, each of which is expected to be completed within twelve months of commencement, except for stability study. The anticipated significant amount of the aforementioned production project service contracts is the primary reason for the larger increase in annual cap for 2025; (iv) the annual cap for 2026 is determined based on historical transaction amounts, and the parties are expected to enter into service contracts for three IND projects in 2026, each of which is expected to be completed within twelve months of commencement, except for stability study; and (v) the relevant fees charged by Cellularforce will be adjusted based on changes in the operating costs for provision of CDMO services, including labor costs, material costs and administrative costs. As the operating costs for provision of CDMO services are expected to increase by approximately 5% to 10%, the relevant fees charged by Cellularforce are also expected to increase on a year-on-year basis.

The terms of the existing CDMO Services Framework Agreement and the CDMO services agreements with specific terms and conditions were determined after arm's length negotiations. The Directors (including the independent non-executive Directors) consider that the existing CDMO Services Framework Agreement and the CDMO services agreements with specific terms and conditions were entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and that the terms of the existing CDMO Services Framework Agreement and the CDMO services agreements with specific terms and conditions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

D. IMPLICATIONS UNDER CHAPTER 14A OF THE LISTING RULES

As at the date of this announcement, Zhongmei Huadong is our substantial Shareholder holding 16.17% of the issued share capital of the Company and is therefore a core connected person of the Company as defined under the Listing Rules. Accordingly, the receipt of CDMO service fees from Zhongmei Huadong will constitute a connected transaction under Chapter 14A of the Listing Rules. As the applicable percentage ratios (other than profit margin) for the annual caps under the CDMO Services Framework Agreement and the Supplemental Agreement are more than 0.1% but less than 5% on an annualized basis, the transactions contemplated under the CDMO Services Framework Agreement and the Supplemental Agreement are subject to reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

E. CONFIRMATION BY THE BOARD

The Board has considered the resolutions in relation to the Supplemental Agreement and revision of annual caps for continuing connected transactions. Mr. Yu Xi, a non-executive Director, is the general manager of investment department at Huadong Medicine, the parent company of Zhongmei Huadong. Since he may have conflicts of interest and for good corporate governance practice, Mr. Yu Xi has abstained from voting on the Board resolutions approving the Supplemental Agreement and revision of annual caps. Save as aforesaid, none of the Directors has any material interest in the CDMO Services Framework Agreement and the Supplemental Agreement and none of the Directors is required to abstain from voting on the relevant Board resolutions.

The Board (including the independent non-executive Directors) considers that the terms of the Supplemental Agreement and the revised annual caps are fair and reasonable, and the transactions contemplated under the CDMO Services Framework Agreement and the Supplemental Agreement are conducted on normal commercial terms in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

F. INFORMATION OF THE PARTIES

Zhongmei Huadong

As of the date of this announcement, Zhongmei Huadong is a company established in the PRC, and a substantial shareholder of the Company, a wholly-owned subsidiary of Huadong Medicine Co., Ltd. (a pharmaceutical company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000963.SZ)), and is principally engaged in the development, manufacturing and sales of pharmaceutical products. Zhongmei Huadong is our commercialization partner for joint development and exclusive commercialization of QX001S, one of the Company's key products in China since August 2020. Zhongmei Huadong is also a customer of our CDMO services, and Cellularforce started to provide CDMO services to Zhongmei Huadong Group since February 2023 and charges Zhongmei Huadong Group corresponding service fees for such CDMO services.

Cellularforce

Jiangsu Cellularforce Biopharma Co., Ltd. (江蘇賽孚士生物技術有限公司), a company established in the PRC with limited liability on August 2, 2018 and an indirect non-wholly owned subsidiary of the Company, is owned as to 66% by Saifu Juli and 34% by Taizhou Huacheng Medical Investment Group Co., Ltd. (泰州華誠醫學投資集團有限公司) (“**Taizhou Huacheng**”) as of the date of this announcement. Taizhou Huacheng is a company established in the PRC controlled by Taizhou Medicine City Holding Group Co., Ltd. (泰州醫藥城控股集團有限公司), a company wholly owned by the Management Committee of Taizhou Medical New and High-tech Industrial Development Zone (泰州醫藥高新技術產業開發區管理委員會), which is an administrative agency of Jiangsu Provincial Committee of the Communist Party of China (中國共產黨江蘇省委員會) and Jiangsu Provincial People’s Government (江蘇省人民政府). Cellularforce focuses on CMC and is primarily responsible for cell line development, process development, formulation development, analytical method development, quality control, quality assurance, pilot and commercial scale manufacturing of the Company.

G. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings set out below:

“CDMO”	a contract development and manufacturing organization, which provides support to the pharmaceutical industry by providing development and manufacturing services outsourced on a contract basis
“CDMO Services Framework Agreement”	the CDMO services framework agreement dated January 16, 2024 entered into between Cellularforce and Zhongmei Huadong for commissioning Cellularforce to provide CDMO services for drug substance and drug products of Zhongmei Huadong Group
“cell line”	a population of cells that descend from a single cell and contain the same genetic makeup, and can be propagated repeatedly
“CMC”	the chemistry, manufacturing and controls processes in the development, licensure, manufacturing and ongoing marketing of pharmaceutical products
“Company”	Qyuns Therapeutics Co., Ltd. (江蘇荃信生物醫藥股份有限公司) (stock code: 2509) (formerly known as Qyuns Therapeutics Co., Ltd. (江蘇荃信生物醫藥有限公司)), a company established in the PRC with limited liability on June 16, 2015 which was converted into a joint stock company with limited liability on September 30, 2021
“Group”	the Company and its subsidiaries

“Director(s)”	the director(s) of the Company
“Board”	the board of Directors of the Company
“Cellularforce”	Jiangsu Cellularforce Biopharma Co., Ltd. (江蘇賽孚士生物技術有限公司), a company established in the PRC with limited liability on August 2, 2018 and an indirect non-wholly owned subsidiary of our Company which is owned as to 66% by Saifu Juli and 34% by Taizhou Huacheng
“connected person(s)”	has the meanings ascribed to them under the Listing Rules (as modified by the Stock Exchange from time to time)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huadong Medicine”	Huadong Medicine Co., Ltd. (華東醫藥股份有限公司), a pharmaceutical company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000963.SZ)
“Independent Shareholders”	Shareholders of the Company other than Zhongmei Huadong
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC” or “China”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“Prospectus”	the prospectus published by the Company on March 12, 2024 in connection with the global offering and listing
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with par value RMB1.00 each in the share capital of the Company
“Saifu Juli”	Taizhou Saifu Juli Biomedical Co., Ltd. (泰州市賽孚聚力生物醫藥有限公司), a company established in the PRC with limited liability on July 6, 2018 and a direct wholly owned subsidiary of our Company
“Shareholder(s)”	holder(s) of our Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Supplemental Agreement”	the supplemental agreement to the CDMO Services Framework Agreement entered into between Zhongmei Huadong and Cellularforce on November 29, 2024
“Zhongmei Huadong”	Hangzhou Zhongmei Huadong Pharmaceutical Co., Ltd. (杭州中美華東製藥有限公司), a company established in the PRC with limited liability on December 31, 1992, a substantial shareholder of the Company and a wholly-owned subsidiary of Huadong Medicine
“Zhongmei Huadong Group”	Zhongmei Huadong and/or its subsidiaries
“%”	per cent

By order of the Board
Qyuns Therapeutics Co., Ltd.
Mr. Qiu Jiwan
Chairman of the Board and Executive Director

Hong Kong, November 29, 2024

As at the date of this announcement, the board of directors of the Company comprises Mr. Qiu Jiwan as chairman and executive director, Mr. Wu Yiliang and Mr. Lin Weidong as executive directors, Mr. Yu Xi, Mr. Wu Zhiqiang and Dr. Xue Mingyu as non-executive directors, and Dr. Zou Zhongmei, Dr. Ling Jianqun and Mr. Fung Che Wai, Anthony as independent non-executive directors.