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JOINN

JOINN LABORATORIES (CHINA) CO., LTD.

北京昭衍新藥研究中心股份有限公司

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

(Stock code: 6127)

SUPPLEMENTAL ANNOUNCEMENT

Reference is made to the announcement issued by JOINN Laboratories (China) Co., Ltd. (the “**Company**”, together with its subsidiaries, the “**Group**”) on 5 February 2024 in relation to the continuing connected transactions contemplated in: (i) the 2024 Staidson Research and Development Service Framework Agreement; (ii) the 2024 Shengtong Software Service Framework Agreement, and (iii) connected transaction contemplated in the establishment of Partnership Fund (the “**Announcement**”). Unless otherwise specified in this announcement, terms used herein shall have the same meanings as those defined in the Announcement.

The Company wishes to provide further information in relation to the 2024 Staidson Research and Development Service Framework Agreement and the 2024 Shengtong Software Service Framework Agreement as follows:

The 2024 Staidson Research and Development Service Framework Agreement

Pricing policy

The Company will provide services to Staidson on a project basis and enter into separate agreement for each research and development project. For the pricing policy of the service fee, the Company takes into account: (i) the cost (including raw materials and labour costs) in connection with the services to be provided under each research project; (ii) the feature, complexity, length and value of the drug research and development services to be provided at various stages; (iii) the prices charged for previous transactions of a similar kind; and (iv) the price of services/projects of similar provided by the Company to other independent third-party customers. In deciding the service fees, the Company will adopt a cost plus profit margin approach, and make reference to quotations for similar projects provided to the Company by approximately one to three independent third-party customers. The profit margin for each project will vary depending on the costs, time required, feature and complexity of the services

for each separate project. However, such margin in general will be in a range of approximately 35% to 50%, representing the profit margin level of existing similar projects provided by the Company to other independent third-party customers. Furthermore, the Company will only enter into an agreement with Staidson when the service fees are in line with the prevailing market price and not less favorable to the Company than what the Company can receive from other independent third-party customers. Considering the above, the Directors are of the view that the service fees are fair reasonable and comparable to those offered by unrelated third-parties.

Payment terms

The payment term for each project will vary depending on the complexity and type of the projects. Based on the current arrangement between the Company and Staidson, Staidson usually settles the service fees in the following manner: (i) around 20% to 30% of the total service fees to be settled upon signing of the agreement; (ii) around 30% to 40% of the total service fees to be settled before the commencement of the trial test for the research and development project; and (iii) the remaining amount to be settled after completion and delivery of the test report.

The 2024 Shengtong Software Service Framework Agreement

Pricing policy

Shengtong will provide services to the Company on a project basis and the Company will enter into separate agreement with Shengtong for each project. As disclosed in the Announcement, the service fees for the provision of services by Shengtong shall be determined by the parties after arm's length negotiations with reference to, including but not limited to, the average profit margin charged by other suppliers for provision of similar services in the market. The profit margin charged by Shengtong varies according to the features, complexity, length and value of each project, but it will generally be in a range of approximately 10% to 30%. The above profit margins were determined with reference to: (i) the net profit margin of approximately 10 suppliers providing similar services listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange as disclosed in their annual reports; and (ii) quotations for similar projects provided to the Company by approximately one to three independent third-party vendors. Considering the above, the Directors are of the view that the service fees for the provision of services by Shengtong are fair and reasonable and comparable to those offered by unrelated third-parties.

Payment terms

The Company will make payment at different stages of the project when the software developed by Shengtong fulfills the requirements as set by Company, and the amount payable by the Company will vary depending on the scale and feature of each project. Save for the above, the content of the Announcement remains unchanged.

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

Beijing, the PRC, 27 February 2024

As at the date of this announcement, the Board comprises Ms. Feng Yuxia as the Chairperson and executive Director, Mr. Zuo Conglin, Mr. Gao Dapeng, Ms. Sun Yunxia and Dr. Yao Dalin as executive Directors, and Mr. Sun Mingcheng, Dr. Zhai Yonggong, Mr. Ou Xiaojie and Mr. Zhang Fan as independent non-executive Directors.