OUR CONTROLLING SHAREHOLDERS

Immediately prior to the [**REDACTED**], Zhuhai Yichangda held approximately 37.26% of our issued Shares. Zhuhai Yichangda is a limited partnership established in the PRC in March 2017 and is controlled by its sole general partner, Dr. Zhi, our Chairman of the Board. As of the Latest Practicable Date, Dr. Zhi held 29.70% partnership interest in Zhuhai Yichangda, being the highest percentage of partnership interest therein, and served as its executive partner responsible for the day-to-day management of the partnership, including but not limited to the exercise of voting rights attached to the Shares held by Zhuhai Yichangda.

Immediately following the completion of the [**REDACTED**], Dr. Zhi through Zhuhai Yichangda will be entitled to control the exercise of approximately [**REDACTED**]% of the voting rights (assuming the [**REDACTED**] is not exercised) or approximately [**REDACTED**]% of the voting rights (assuming the [**REDACTED**] is exercised in full) of our Company and thus remain as our Controlling Shareholders.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after [**REDACTED**].

Management Independence

We are able to carry on our business independently from our Controlling Shareholders from a management perspective. Upon [**REDACTED**], our Board will consist of nine Directors, including one executive Director, five non-executive Directors and three independent non-executive Directors.

Our executive Director and senior management team are responsible for the day-to-day management of our operations. Notwithstanding Dr. Zhi's roles as Chairman of the Board and one of our Controlling Shareholders, our Directors are of the view that our Company is able to function independently from our Controlling Shareholders for the following reasons:

(a) all of our independent non-executive Directors have confirmed their independence in accordance with Rule 3.13 of the Listing Rules and are independent of our Controlling Shareholders and their respective close associates, and decisions of our Board require the approval of a majority vote from members of our Board;

(b) each Director is aware of his/her fiduciary duties as a director which require, among other things, that he/she acts for the benefit and in the interest of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interests;

(c) our daily management and operations are carried out by a senior management team comprising members responsible for, among others, overall operations, research and development and cooperative development, CMC, clinical development, financing activities, capital market operations, corporate governance and finance, all of whom have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interests of our Group;

(d) we have three independent non-executive Directors and certain matters of our Company must always be referred to the independent non-executive Directors for review;

(e) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and a Director and/or his/her associate, he/she shall abstain from voting and shall not be counted towards the quorum for the voting; and

(f) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and the Controlling Shareholders, which would support our independent management, in accordance with our Articles, relevant corporate governance policies and the Listing Rules as well as other applicable rules, laws and regulations.

Based on the above, our Directors believe that our Board as a whole and together with our senior management are able to perform the managerial role in our Group independently from the Controlling Shareholders and their close associates after the [**REDACTED**].

Operational Independence

We do not rely on the Controlling Shareholders and their close associates for our business development, research and development, clinical development, production, staffing, logistics, administration, finance, information technology, or company secretarial functions. We have our own departments specializing in these respective areas which have been in operation and are expected to continue to operate separately and independently from the Controlling Shareholders and their close associates. In addition, we have our own employees for our operations, management and human resources functions.

As of the Latest Practicable Date, our Company had four wholly-owned subsidiaries which carry out, among others, production, research and development functions. We have independent access to suppliers, customers, research and development resources and other third parties necessary for our business operations, and an independent management team to handle our day-to-day operations. We are also in possession of relevant licenses, approvals and qualifications currently required for our principal businesses and we have sufficient operational capacity in terms of capital, facilities, technology and employees to operate independently. Based on the above, our Directors believe that we are able to operate independently from the Controlling Shareholders and their close associates.

Financial Independence

Our Group has a finance department independent from our Controlling Shareholders and their respective close associates. We have also established an independent financial system under which we make financial decisions based on our own business needs. Moreover, our Group opens and manages bank accounts independently, and has never shared any bank account with the Controlling Shareholders. Our Group has independent taxation registration according to the relevant laws, and makes tax payments independently according to the applicable PRC taxation laws and regulations.

Our Group has sufficient capital to operate its business independently and has adequate internal resources to support its daily operations. In addition, we are capable of obtaining financing from third parties without relying on any guarantee or security provided by our Controlling Shareholders and their respective close associates. As of the Latest Practicable Date, all loans and advances due to or from the Controlling Shareholders or their close associates had been fully settled. During the Track Record Period and as of the Latest Practicable Date, we had received the Pre-[**REDACTED**] Investments from the Pre-[**REDACTED**] Investors independently. For details of the Pre-[**REDACTED**] Investments, see "History, Development and Corporate Structure." Based on the above, our Directors are of the view that we are able to maintain financial independence from our Controlling Shareholders and their close associates.

RULE 8.10 OF THE LISTING RULES

As of the Latest Practicable Date, each of our Directors (other than our independent non-executive Directors) confirmed that he/she did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, either directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

CORPORATE GOVERNANCE

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance. In addition, our Company has established the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee in compliance with the Listing Rules. Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We would adopt the following measures to safeguard good corporate governance standards and to avoid potential conflicts of interest between our Group and the Controlling Shareholders:

(a) where a Shareholders' meeting is to be held for considering proposed transactions in which the Controlling Shareholders or any of their respective associates has a material interest, the Controlling Shareholders will not vote on the relevant resolutions and shall not be counted towards the quorum for the voting;

(b) our Company has established internal control mechanisms to identify connected transactions. Upon the [**REDACTED**], if our Company enters into connected transactions with a Controlling Shareholder or any of his/its associates, our Company will comply with the applicable Listing Rules;

(c) the independent non-executive Directors will review, on an annual basis, whether there is any conflict of interest between the Group and the Controlling Shareholders (the "**Annual Review**") and provide impartial and professional advice to protect the interests of our minority Shareholders;

(d) the Controlling Shareholders will undertake to provide all necessary information, including all relevant financial, operational and market information and any other information as reasonably required by the independent non-executive Directors for the Annual Review;

(e) our Company will disclose the decisions and the basis for such decisions on matters reviewed by the independent non-executive Directors either in its annual report or by way of announcements;

(f) where our Directors reasonably request advice from independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our Company's expense; and

(g) we have appointed SDIC Securities Corporate Finance (Hong Kong) Limited as our Compliance Advisor to provide advice and guidance to us in respect of compliance with the Listing Rules and applicable Hong Kong laws, including various requirements relating to corporate governance.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and the Controlling Shareholders, and to protect minority Shareholders' interests after the [**REDACTED**].