OUR SINGLE LARGEST SHAREHOLDERS GROUP

As of the Latest Practicable Date, Mr. Wang was entitled to exercise the voting rights attaching to 27.17% of the issued share capital of our Company, including (i) 278,865,304 A Shares directly held by Jiangsu Bosida, a company wholly owned by Mr. Wang, representing approximately 22.05% of the total issued share capital of our Company; and (ii) 64,730,808 A Shares directly held by Nanjing Qianmiaonuo, a limited partnership controlled by Mr. Xu, representing 5.12% of the total issued share capital of our Company pursuant to the Acting-in-concert Arrangement. See the section headed "History, Development and Corporate Structure — Acting-in-Concert Arrangement" for more details.

Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Mr. Wang, through Jiangsu Bosida and its concert party, Nanjing Qianmiaonuo, shall be entitled to exercise the voting rights attaching to approximately [REDACTED]% of the total issued share capital of our Company (including 9,539,900 A Shares as treasury Shares). Accordingly, Mr. Wang, Mr. Xu, Jiangsu Bosida and Nanjing Qianmiaonuo will remain as a group of Single Largest Shareholders upon [REDACTED], and our Company will not have any controlling shareholder as defined under the Listing Rules.

DELINEATION OF BUSINESS

Our Single Largest Shareholders confirm that, as of the Latest Practicable Date, neither of himself/itself or his/its respective close associates was interested in any business, other than our Group, which competes or is likely to compete, either directly or indirectly, with our Group's business and which requires disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR SINGLE LARGEST SHAREHOLDERS GROUP

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Single Largest Shareholders Group and its close associates after the [REDACTED].

Operational Independence

We engage in our operations and make and implement our operational decisions independently. We do not share operation team, facilities and equipment with our Single Largest Shareholders Group or its close associates. We are in possession of all relevant licenses, approvals and permits from the relevant regulatory authorities that are necessary to carry out and operate our business and we have sufficient operational capacity in terms of capital and employees to operate independently. We have established our own organizational structure with independent departments, and each department is assigned to specific areas of responsibilities. Our operating functions, such as cash and accounting management, invoices and bills, operate independently of our Single Largest Shareholders Group and its close associates. We have independent access to a large and diversified base of suppliers and customers and are not dependent on our Single Largest Shareholders Group or its close associates with respect to supplies for our business operations. We also maintain a set of comprehensive internal control procedures to facilitate the effective operation of our business.

We have entered into certain transactions with Shandong Xingbei and Five Star Holdings Group, associates of Mr. Wang, which are set out in "Connected Transactions" in this document and Note 40 to the Accountants' Report set out in Appendix I to this document. Considering that the amounts of these transactions are not significant to our Group, our Directors believe that such transactions will not have any impact on our operational independence. Save as these transactions, our Directors do not expect that there will be any other significant transaction between our Group and our Single Largest Shareholders Group and their close associates upon [REDACTED].

Based on the above, our Directors are of the view that we are able to operate independently from our Single Largest Shareholders Group and its close associates.

Management Independence

Our business is managed and conducted by our Board and senior management. Our Board comprises five executive Directors and three independent non-executive Directors, among whom Mr. Wang, the chairman of our Board and an executive Director of our Company, is a member of our Single Largest Shareholders Group. For further details, see the section headed "Directors and Senior Management" of this document.

Our Directors are of the view that our Board and senior management team are able to manage our business independently from our Single Largest Shareholders Group and its close associates for the following reasons:

(i) save for Mr. Wang, all the other executive Directors and other members of our senior management are our full-time employees and are independent from our Single Largest Shareholders Group and its close associates;

(ii) pursuant to the Articles of Association of our Company, in the event that any Shareholder or Director or his/her close associates has the material interest in a contract or arrangement to be entered into with our Group, the interested Shareholder(s) or Director(s) shall abstain from voting on any Shareholder or Board resolutions approving any contract, arrangement or any other proposal and shall not be counted in the quorum present at the relevant meeting;

(iii) we have three independent non-executive Directors (accounting for more than one-third of our Board) to balance the number of potentially interested Directors with a view to promote the interests of our Company and the Shareholders as a whole. The independent non-executive Directors will be entitled to engage professional advisors at our cost for advice on matters relating to any potential conflict of interest arising out of any transaction to be entered into between our Company and another company or entity to which a Director or senior management member holds position. We believe our independent non-executive Directors have the depth and breadth of experience which will enable them to bring sound, independent and impartial judgment to the decision-making process of our Board;

(iv) each of our Directors is aware of his/her fiduciary duties as a Director, which require him/her to act for the benefit and in the interests of our Company and the Shareholders as a whole and do not allow any conflict between his/her duties as a Director and his/her personal interests; and

(v) we have adopted corporate governance measures to manage conflicts of interest, if any, between our Group and our Single Largest Shareholders Group and its close associates which would support our independent management. See "— Corporate Governance Measures" below for further information.

Based on the above, our Directors are satisfied that the Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently.

Financial Independence

We have established a finance department with a team of independent financial staff, which operates entirely independently of our Single Largest Shareholders Group. In addition, our Company has established a sound and independent financial system and makes financial decisions according to our Company's business needs, which are independent of our Single Largest Shareholders Group and its close associates.

During the Track Record Period, we entered into various loan agreements with certain banks ("**Lending Banks**"), pursuant to which we obtained loans from the Lending Banks which were secured by guarantees provided by Mr. Wang, our Single Largest Shareholder and/or his close associates. As of the Latest Practicable Date, save for the outstanding balance of the Jiangsu Xingsiyu Loan (as defined below), of which RMB323.75 million were guaranteed by Mr. Wang and Five Star Holdings, the rest of the guarantees have been released, and/or replaced with security given by one or more members of our Group.

Jiangsu Xingsiyu entered into a syndicated loan facility with a consortium of commercial banks for the purpose of funding the acquisition of Hairology Biotechnology Development. Under this facility, it obtained a loan in the principal amount of RMB990 million, with a term from June 2025 to June 2032 (the "**Jiangsu Xingsiyu Loan**"). Jiangsu Xingsiyu Loan was guaranteed by the Company limited to 65% of the outstanding principal and interest thereunder (amounting to approximately RMB643.5 million) (the "**Company Guarantee**") and guaranteed by Mr. Wang and Five Star Holdings limited to 35% of the outstanding principal and interest thereunder (amounting to approximately RMB346.5 million) (the "**Relevant Guarantee**"). As of the Latest Practicable Date, the outstanding balance of the Jiangsu Xingsiyu Loan was RMB925 million. Accordingly, the Company Guarantee and the Relevant Guarantee amounted to approximately RMB601.25million and RMB323.75 million, respectively.

Our Directors consider that the survival of Relevant Guarantee following the [REDACTED] does not compromise the financial independence of our Company for the following reasons:

(i) such guarantee arrangement constituted an integral part of a special-purpose acquisition financing structure. Jiangsu Xingsiyu, a non-wholly owned subsidiary of our Company and at the time of entering into such guarantee arrangement, was owned as to 65%, 11%, 10%, 8%, and 6% by our Company, Five Star Holdings, Xi'an Giant Biogene, Ms. Chen Yingyan (陳英燕), and Mr. Wang Deyou (王德友), respectively, was a special purpose vehicle established for the purpose of the acquisition of Hairology Biotechnology Development. The syndicated banks required the shareholders of Jiangsu Xingsiyu to provide certain guarantees as a condition for granting the Jiangsu Xingsiyu Loan. Given that (i) we are an A-Share listed company, (ii) Jiangsu Xingsiyu is a non-wholly owned subsidiary of our Company, and (iii) Five Star Holdings (being Mr. Wang's close associate) is a minority shareholder of Jiangsu Xingsiyu, as advised by our PRC Legal Advisors, under the relevant regulatory requirements and practice of CSRC, the Shenzhen Stock Exchange, and our Company's external guarantee management policies, the guarantee provided by us to our non-wholly owned subsidiary shall be limited to our proportionate equity interest in such subsidiary, which in this case was 65% at the time. As such, our Company was not allowed to provide a 100% guarantee in favor of Jiangsu Xingsiyu, and therefore, the guarantee from other shareholders was needed. Given the syndicated nature and the specific structure of the underlying loan, our Directors expect that the release of the Relevant Guarantee is highly impractical and not reasonably attainable;

(ii) as a listed A-Share company, we are able to secure independent financing on comparable terms from commercial banks. As of December 31, 2025, the total credit facilities that we have independently obtained from commercial banks without any guarantee, security or financial support granted by Mr. Wang and his close associates amounted to approximately RMB1,707.83 million; and

(iii) we have sufficient liquid assets available to meet our financial needs. As of December 31, 2025, we had cash and cash equivalents amounted to RMB1.0 billion.

Taking into account of our Group's internal resources and the estimated [REDACTED] from the [REDACTED], our Directors are of the view that we have sufficient capital to operate our business independently, and have a strong credit profile to support our daily operations. Further, our Directors believe that, upon [REDACTED], our Group is capable of obtaining financing from Independent Third Parties without the support of or reliance on our Single Largest Shareholders.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Single Largest Shareholders Group and its close associates.

CORPORATE GOVERNANCE MEASURES

We recognize the importance of good corporate governance to protect the interest of our Shareholders. We will adopt the following corporate governance measures to manage potential conflict of interests between our Group and the Single Largest Shareholders Group:

(i) where a Shareholders' meeting is held for considering proposed transaction in which any of the Single Largest Shareholders Group has a material interest, the Single Largest Shareholders Group shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;

(ii) where a Board meeting is held for the matters in which a Director has a material interest, such Director shall abstain from voting on the resolutions and shall not be counted in the quorum for the voting;

(iii) any transaction between (or proposed to be made between) our Group and the connected persons will be subject to the requirements under Chapter 14A of the Listing Rules, including, where applicable, the announcement, reporting, annual review, circular (including independent financial advice) and independent Shareholders' approval requirements and with those conditions imposed by the Stock Exchange for the granting of waiver from strict compliance with relevant requirements under the Listing Rules;

(iv) in the event that our independent non-executive Directors are requested to review any conflict of interests between our Group and the Single Largest Shareholders Group, the Single Largest Shareholders Group shall provide the independent non-executive Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either in its interim and annual report or by way of announcements to the public; and

(v) our Company has appointed First Shanghai Capital Limited as our Compliance Advisor, which will provide advice and guidance to our Group in respect of compliance with the applicable laws and Listing Rules including various requirements relating to Directors' duties and corporate governance.

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