OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Lim (i) directly holds 76.20% of the total issued share capital of our Company and (ii) indirectly, through Coree Pohang, holds 23.80% of the total issued share capital of our Company. Immediately following completion of the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised), Mr. Lim, through his direct shareholding and through Coree Pohang, will control **[REDACTED]**% of the voting rights in our Company. Accordingly, Mr. Lim and Coree Pohang will be our Controlling Shareholders after the **[REDACTED]**.

COMPETITION

In addition to the interest in our Group, our Controlling Shareholders may, from time to time, make investments in entities that operate in the broader industries in which we also operate. To the best of our knowledge, our Controlling Shareholders are not actively involved in the day-to-day management and operation of these entities, which have separate businesses with separate management from our Controlling Shareholders.

In addition, we consider that these businesses are substantially different from, and are clearly delineated with, our Group's businesses as illustrated below.

Dx&Vx Co., Ltd. ("Dx&Vx")

Dx&Vx is a bio-healthcare company listed on the KOSDAQ exchange under the ticker symbol 180400. It is principally engaged in advancing genomics-based diagnostics and next-generation therapeutics. As of the Latest Practicable Date, Mr. Lim directly holds 57.97% interest and indirectly, through our Company, holds 3.71% interest in Dx&Vx.

The businesses of Dx&Vx are clearly delineated with our businesses on the basis that Dx&Vx is an integrated developer of next-generation vaccines and precision-medicine solutions. Its key technologies include a room-temperature messenger ribonucleic acid (mRNA) platform, mRNA and peptide cancer vaccines, oral obesity drug, and COVID-19 vaccine. While Dx&Vx also conducts healthcare businesses involving certain probiotic products and maternal and infant products, such business does not constitute one of its core business focus. In contrast, our Group is a healthcare service and product provider in China, offering a diversified product and service portfolio with a particular focus on children, infants, mothers and individuals managing chronic or immune-related conditions.

Hanmi Group

Hanmi Science Co., Ltd. ("**Hanmi Science**") is a Korea-based holding company primarily engaged in the pharmaceutical manufacturing and wholesale business and listed on the Korea Exchange under the stock ticker 008930. Its key consolidated subsidiaries include, amongst others, Hanmi Pharmaceutical, a biopharma company listed on the Korea Exchange under the stock ticker 128940, and Beijing Hanmi Pharmaceutical Co., Ltd ("**Beijing Hanmi**"), a subsidiary of Hanmi Pharmaceutical which is principally engaged in the research, development and production of gastroenterology products, orthopedics products and anti-infectious drugs. Mr. Lim was a shareholder of Hanmi Science and as of the Latest Practicable Date, Mr. Lim indirectly held approximately 0.10% interest through Dx&Vx (which is held by Mr. Lim directly as to 57.97% and indirectly, through our Company, as to 3.71%) in Hanmi Science. Mr. Lim also acts as the legal representative and chairman of the board of directors of Beijing Hanmi.

Hanmi Group's business in China is conducted through Beijing Hanmi, its PRC operating subsidiary. The businesses of Beijing Hanmi are clearly delineated with our businesses on the basis that Beijing Hanmi is a pharmaceutical manufacturer operating within the Good Manufacturing Practice (GMP) domain, while our medicine marketing, promotion and sales business focuses on the distribution of pharmaceutical products and operates within the Good Supply Practice (GSP) domain. For further information on our business relationship with Hanmi Group, see "Business – Our Products and Services – Medicine Marketing, Promotion and Sales Business" in this document.

On the basis of the differences as set forth above, we consider that our Controlling Shareholders or Directors do not currently have any interest in a business that competes or is likely to compete, either directly or indirectly, with our Group's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE OF OUR BUSINESS

Having considered the following factors, our Directors are satisfied that we are able to carry out our business independently from our Controlling Shareholders and their close associates upon and after the **[REDACTED]**.

Management Independence

Our business is managed and conducted by our Board and senior management. Our Board comprises four executive Directors and three independent non-executive Directors. For more information, see "Directors and Senior Management" in this document.

Our Directors are of the view that our Group is capable of managing our business independently from our Controlling Shareholders and their close associates after the **[REDACTED]** for the following reasons:

(a) our daily management and operations are carried out by a senior management team, 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;

(b) despite the overlapping roles assumed by Mr. Han Sung Jun ("**Mr. Han**") and Mr. An Chiwoo ("**Mr. An**") as directors of Coree Pohang, each of Mr. Han and Mr. An confirmed that their involvement in Coree Pohang will not affect the discharge of their duties as Directors and/or senior management of our Group on the basis that (i) five out of seven Directors, being a majority of the members of the Board, do not and will not hold any directorship or senior management position in our Controlling Shareholders or their respective close associates; (ii) Mr. Han and Mr. An have been and will continue to be supported by the separate and independent board and/or senior management team of our Group; and (iii) Coree Pohang is merely an investment holding company and does not engage in material business activities;

(c) we have three independent non-executive Directors, representing over one-third of our Board. They have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of our Board are only made after due consideration of independent and impartial opinions;

(d) 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; and

(e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders which would support our independent management. For details, see "– Corporate Governance."

Operational Independence

Our Group is not operationally dependent on our Controlling Shareholders. Our Group holds all material licenses and owns all relevant intellectual properties necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our Controlling Shareholders. We also have independent access to our customers and an independent management team to operate our business.

Notwithstanding that we have outsourced certain human resources services to Beijing Leye, the details of which are set out in "Connected Transactions" in this document, these transactions did not and are not expected to involve significant transaction amounts and are not material to the operation and conduct of our Group's principal business. Such connected transactions will be conducted on arm's length basis and on normal commercial terms in the ordinary and usual course of our business. Therefore, our Directors believe that these connected transactions with Beijing Leye do not affect our operational independence.

Based on the above, our Directors believe that we are able to operate independently of our Controlling Shareholders.

Financial Independence

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders. As of the Latest Practicable Date, the bank loans of USD29.2 million previously guaranteed by Mr. Lim have been released. In addition, we have outstanding loans and non-trade balances amounting to USD1,207,157 due to, and USD12,965,481 due from, our Controlling Shareholders and their close associates, all of which will be fully settled before the **[REDACTED]**. Upon **[REDACTED]**, there will be no outstanding loans or guarantees provided by, or granted to, our Controlling Shareholders or their close associates.

Based on the above, our Directors are of the view that we are capable of carrying on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have adopted the following measures to safeguard good corporate governance standards and to avoid potential conflicts of interests between our Group and our Controlling Shareholders:

- our Articles of Association provide that a Director shall not vote on (or be counted in the quorum in relation to) any resolution of the Board in respect of any contract or arrangement or any other proposal in which such Director or any of his/her close associates (or, if required by the Listing Rules, his other associates) has a material interest, and if such Director shall do so his vote shall not be counted and he shall not be counted in the quorum for such resolution;

- our Group has established internal control mechanisms to identify connected transactions. Upon the **[REDACTED]**, if our Company enters into connected transactions with our Controlling Shareholders and their associates, we will comply with the applicable Listing Rules;

- the independent non-executive Directors will review, on an annual basis, whether there are any conflicts of interests between our Group and our Controlling Shareholders and provide impartial and professional advice to protect the interests of our minority Shareholders;

- our Controlling Shareholders will undertake to provide all information necessary, including all relevant financial, operational and market information and any other necessary information as required by the independent non-executive Directors for the purpose of their annual review;

- our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its interim and/or annual reports or by way of announcements as required by the Listing Rules;

- where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expenses;

- we have appointed Maxa Capital Limited as our compliance adviser, who will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance; and

- we have established the audit committee, the remuneration committee and the nomination committee with written terms of reference in compliance with the Listing Rules and the Code on Corporate Governance and Corporate Governance Report in Appendix C1 to the Listing Rules. All of the members of our audit committee, including the chairperson, are independent non-executive Directors.

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