CONNECTED TRANSACTIONS

Upon **[REDACTED]**, transactions between us and our connected persons will constitute our connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules.

OUR CONNECTED PERSONS

We have entered into certain transactions with the following connected persons, which will constitute our continuing connected transactions upon **[REDACTED]**:

Connected Person	Connected Relationship
Beijing Leye Information Consulting Co., Ltd. (北京樂業信息諮詢有限公司) ("**Beijing Leye**")	Beijing Leye is wholly owned by Mr. Lim, our Controlling Shareholder, and is therefore an associate of Mr. Lim and our connected person under Rule 14A.07 of the Listing Rules.
Angel International Travel Services (Beijing) Co., Ltd. (希安康國際旅行社（北京）有限公司) ("**Angel Travel**")	Angel Travel is a subsidiary of Beijing Leye and is therefore an associate of Mr. Lim and our connected person under Rule 14A.07 of the Listing Rules.
Ofmom HK	Ofmom HK is our non wholly-owned subsidiary and is held as to 60.16% by our Company, 19.92% by Lim Ju Hyun, sister of Mr. Lim, and 19.92% by Lim Jong Hoon, brother of Mr. Lim. Ofmom HK is therefore our connected subsidiary under Rule 14A.16 of the Listing Rules.
Beijing Medi'Care	Beijing Medi'Care is a wholly-owned subsidiary of Ofmom HK, and is therefore also our connected subsidiary under Rule 14A.16 of the Listing Rules.
Dx&Vx Co., Ltd. ("**Dx&Vx**")	Dx&Vx is held by Mr. Lim directly as to 57.97% and indirectly, through our Company, as to 3.71%, and is therefore an associate of Mr. Lim and our connected person under Rule 14A.07 of the Listing Rules.
Beijing Dx&Vx BiotechnologyCo., Ltd. (北京迪艾維斯生物科技有限公司) ("**Beijing Dx&Vx**")	Beijing Dx&Vx is a wholly-owned subsidiary of Dx&Vx and is therefore also an associate of Mr. Lim and our connected person under Rule 14A.07 of the Listing Rules.

SUMMARY OF OUR CONTINUING CONNECTED TRANSACTIONS

Transactions	Applicable Listing Rules	Waiver Sought	Proposed annual caps for the year ending December 31,		
			2026	2027	2028
				(USD'000)	
Partially Exempt continuing connected transactions					
1. Human Resources Services Framework Agreement	14A.34, 14A.35, 14A.76 and 14A.105	Announcement requirement	846	948	1,054
2. Business Travel Services Framework Agreement	14A.34, 14A.35, 14A.76 and 14A.105	Announcement requirement	3,207	3,790	4,291
3. Intra-Group Formula Milk and Probiotics Products Purchase Framework Agreement	14A.34, 14A.35, 14A.76 and 14A.105	Announcement requirement	5,103	6,123	8,681
4. Dx&Vx Probiotic Supplements Procurement Framework Agreement	14A.34, 14A.35, 14A.76 and 14A.105	Announcement requirement	1,706	1,273	1,468
5. Promotion, Publicity and Design Services Framework Agreement	14A.34, 14A.35, 14A.76 and 14A.105	Announcement requirement	1,586	367	440
6. Dx&Vx Formula Milk Products Sales Framework Agreement	14A.34, 14A.35, 14A.76 and 14A.105	Announcement requirement	220	276	331

Transactions	Applicable Listing Rules	Waiver Sought	Proposed annual caps for the year ending December 31, 2026	2027	2028
				(USD'000)	
Non-exempt continuing connected transactions					
7. Pharmaceutical Products Purchase Framework Agreement	14A.34, 14A.35, 14A.36, 14A.49, 14A.53 to 14A.59, 14A.71 and 14A.105	Requirements as to announcement, circular and independent shareholders' approval	227,428	272,914	316,205

PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTIONS

1. Human Resources Services Framework Agreement

Principal terms

Our Company entered into a human resources services framework agreement (the "**Human Resources Services Framework Agreement**") with Beijing Leye on [•], pursuant to which Beijing Leye will provide our Company with certain human resources services, including but not limited to recruitment services and human resources management services (such as payroll and benefits administration, talent reviews and performance management, as well as onboarding training and career coaching services).

The Human Resources Services Framework Agreement will commence on the **[REDACTED]** and expire on December 31, 2028. Subject to compliance with the Listing Rules and applicable laws and regulations, the Human Resources Services Framework Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with one month's written notice prior to the expiry of the agreement's term.

Reasons for the transactions

Beijing Leye has extensive experience in providing human resources solutions and the proposed outsourcing of selected human resource services allows our Company to achieve greater operational efficiency by leveraging the expertise of Beijing Leye as a professional human resource service provider. In addition, Beijing Leye has been providing us with human resources services since 2011 and is familiar with our business needs and recruitment requirements. Having considered the above, our Directors believe that it will be beneficial to our Group to continue procuring human resources services from Beijing Leye.

Pricing policies

The fees payable by our Company to Beijing Leye under the Human Resources Services Framework Agreement will be determined with reference to (i) in respect of recruitment services, a percentage of the candidate's annual base salary (for executive roles) or a pre-agreed fixed amount per successful hire (for non-executives roles); and (ii) in respect of human resources management services, a pre-agreed fixed fee based on the number of our employees. The agreed service fee rates under the Human Resources Services Framework Agreement are determined with reference to the prevailing market rates charged by other independent third-party service providers or recruitment agencies for similar types of services.

Historical amounts

In respect of the human resources services provided by Beijing Leye to us, the historical amounts were USD1.77 million, USD1.17 million and USD0.60 million for the years ended December 31, 2023, 2024 and 2025, respectively. The increase in service fees paid in 2023 was mainly attributable to the acquisition of Coree Wuhan, resulting in additional recruitment, onboarding and training activities. In light of the macroeconomic downturn, Beijing Leye adjusted its pricing downward from 2025 to align with the prevailing market rates charged by other independent third-party service providers or recruitment agencies for similar types of services.

Annual caps

In respect of the Human Resources Services Framework Agreement, the transaction amounts to be paid by us to Beijing Leye for the three years ending December 31, 2028 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2026	**2027**	**2028**
		(USD'000)	
Transaction amount to be paid by us to Beijing Leye	846	948	1,054

Basis of caps

In determining the above proposed annual caps, we have primarily considered: (i) the historical transaction amounts during the Track Record Period under the existing human resource services arrangements between our Group and Beijing Leye; and (ii) our expected demand for human resource services in the next three years based on our Group's future business plans and recruitment needs.

Listing Rules implications

In respect of the transactions contemplated under the Human Resources Services Framework Agreement, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but below 5% on an annual basis. Accordingly, the continuing connected transactions as described above will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

2. Business Travel Services Framework Agreement

Principal terms

Our Company entered into a business travel services framework agreement (the "**Business Travel Services Framework Agreement**") with Angel Travel on [•], pursuant to which Angel Travel will provide our Company and/or its subsidiaries with certain business travel related services, including but not limited to booking and reservations for hotels and transportation via its online booking platform, as well as customized corporate event planning and management services.

The Business Travel Services Framework Agreement will commence on the **[REDACTED]** and expire on December 31, 2028. Subject to compliance with the Listing Rules and applicable laws and regulations, the Business Travel Services Framework Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with one month's written notice prior to the expiry of the agreement's term.

Reasons for the transactions

As a travel agency specializing in corporate and business travel, Angel Travel has access to competitive rates and provides professional expertise in travel and corporate event logistics. In addition, Angel Travel has been our service provider since 2012 and is familiar with our business travel policies and specifications. Having considered the above, our Directors believe that it will be beneficial to our Group to continue procuring business travel services from Angel Travel.

Pricing policies

The fees payable by our Company to Angel Travel under the Business Travel Services Framework Agreement will be determined on a cost-plus basis. Angel Travel will receive a mark-up service fee of (i) 3% based on ticket prices for online flight bookings; (ii) 5% based on ticket prices or hotel rates (as applicable) for online train and hotel bookings and; (iii) 12% based on venue booking costs and/or event-related procurement costs for customized corporate event planning and management services. The mark-up service fee rates under the Business Travel Services Framework Agreement are determined with reference to the prevailing market rates charged by other independent third-party service providers or travel agencies based on the type of business travel services required.

Historical amounts

Service fees paid by our Company to Angel Travel for the business travel services were USD3.13 million, USD2.22 million and USD1.44 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Annual caps

In respect of the Business Travel Services Framework Agreement, the transaction amounts to be paid by us to Angel Travel for the three years ending December 31, 2028 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2026	**2027**	**2028**
		(USD'000)	
Transaction amount to be paid by us to Angel Travel	3,207	3,790	4,291

Basis of caps

In determining the above proposed annual caps, we have primarily considered: (i) the historical transaction amounts during the Track Record Period under the existing business travel services arrangement between our Group and Angel Travel and/or its subsidiaries; (ii) the expected increase in business travel by our sales staff in the coming three years taking into account the proposed expansion of our sales team and our future business strategies in expanding our distribution network; and (iii) the estimated accommodation and transportation costs to be incurred for business travel.

Listing Rules implications

In respect of the transactions contemplated under the Business Travel Services Framework Agreement, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but below 5% on an annual basis. Accordingly, the continuing connected transactions as described above will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

3. Intra-Group Formula Milk and Probiotics Products Framework Agreement

Principal terms

Beijing Coree, our wholly-owned subsidiary, entered into an intra-Group formula milk and probiotics products framework agreement (the "**Intra-Group Formula Milk and Probiotics Products Framework Agreement**") with Ofmom HK on [•], pursuant to which Beijing Coree will purchase formula milk products and probiotics products from Ofmom HK and its subsidiaries.

The Intra-Group Formula Milk and Probiotics Products Framework Agreement will commence on the **[REDACTED]** and expire on December 31, 2028. Subject to compliance with the Listing Rules and applicable laws and regulations, the Intra-Group Formula Milk and Probiotics Products Framework Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with one month's written notice prior to the expiry of the agreement's term.

Reasons for the transactions

Ofmom HK and its subsidiaries, being our non wholly-owned subsidiaries, are principally engaged in producing formula milk products and probiotics products and forms part of our Group's production base in Zhangjiakou. For our production base in Zhangjiakou, see "Business – Production Process and Facilities". Our Company believes that the sales and distribution network of Beijing Coree, our wholly-owned subsidiary, provides an effective sales channel for the products produced by Ofmom HK and its subsidiaries, which is expected to enhance the overall income and profitability of our Group. This arrangement also enables our Group to maintain overall control over the retail sales and inventory levels of our formula milk products and probiotics products. Having considered the above, our Directors believe that it will be beneficial to our Group to continue purchasing formula milk products and probiotics products from Ofmom HK and its subsidiaries.

Pricing policies

Liquid infant formula milk will be provided by Ofmom HK and/or its subsidiaries to Beijing Coree at-cost. In respect of other milk products and probiotics products under the Intra-Group Formula Milk and Probiotics Products Framework Agreement, the fees payable by Beijing Coree to Ofmom HK and/or its subsidiaries will be determined with reference to the cost of the finished products plus a profit margin of around 15% agreed at arm's length basis and taking into account (a) the types and quantity of the formula milk and probiotics products procured; and (b) the prevailing market price charged by other independent third-party manufacturers of similar products.

Historical amounts

In respect of the formula milk products and probiotics products purchased by our Group under the Formula Milk Products and Probiotics Products Framework Agreement, the historical amounts were USD0.65 million, USD1.67 million and USD1.19 million for the years ended December 31, 2023, 2024 and 2025, respectively. The procurement fees payable by Beijing Coree decreased in 2023 as the registration certificates for two of our formula milk products were pending renewal, resulting in Mengguaiguai being the only formula milk product produced by Ofmom China during the year.

Annual caps

In respect of the Intra-Group Formula Milk and Probiotics Products Framework Agreement, the transaction amounts to be paid by us to Ofmom HK and its subsidiaries for the three years ending December 31, 2028 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2026	**2027**	**2028**
		(USD'000)	
Transaction amount to be paid by us to Ofmom HK	5,103	6,123	8,681

Basis of caps

In determining the above proposed annual caps, we have primarily considered: (i) the historical transaction amounts during the Track Record Period under the existing milk products and probiotics products agreements between our Group and Ofmom HK and/or its subsidiaries; (ii) the anticipated sale of the formula milk products and probiotics products from Ofmom HK and its subsidiaries to Beijing Coree with reference to the engagement of new distributors for our formula milk products commencing from 2026 and the expected market demand of the relevant products; (iii) the proposed launch of new formula milk products and probiotic products, including, amongst others, six modified milk powder products and four probiotic health food products and (iv) the anticipated increase in production and/or procurement capacity of our Group in the next three years.

Listing Rules implications

In respect of the transactions contemplated under the Intra-Group Formula Milk and Probiotics Products Framework Agreement, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but below 5% on an annual basis. Accordingly, the continuing connected transactions as described above will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

4. Dx&Vx Probiotic Supplements Procurement Framework Agreement

Principal terms

Beijing Coree, our wholly-owned subsidiary, entered into a probiotic supplements procurement framework agreement (the "**Dx&Vx Probiotic Supplements Procurement Framework Agreement**") with Beijing Dx&Vx on [•], pursuant to which Beijing Coree will purchase probiotic supplements from Beijing and its subsidiaries.

The Dx&Vx Probiotic Supplements Procurement Framework Agreement will commence on the **[REDACTED]** and expire on December 31, 2028. Subject to compliance with the Listing Rules and applicable laws and regulations, the Dx&Vx Probiotic Supplements Procurement Framework Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with one month's written notice prior to the expiry of the agreement's term.

Reasons for the transactions

While our Group possesses production capabilities for probiotics in the PRC, we do not currently have manufacturing capabilities in Korea. To satisfy customer demand for probiotics manufactured in Korea, our Group sources such products from Beijing Dx&Vx. Given our long-standing commercial relationship, Beijing Dx&Vx does not impose minimum order quantity requirements on our Group, which are commonly required by other contract manufacturers. The procurement arrangement enables our Group to purchase products flexibly in line with market demand, channel inventory and new product launch plans, without the need for bulk advance stocking that would tie up our working capital. Having considered the above, our Directors believe that it will be beneficial to our Group to continue procuring probiotic supplements from Beijing Dx&Vx and its subsidiaries.

Pricing policies

The fees payable by Beijing Coree to Beijing Dx&Vx and/or its subsidiaries will be determined with reference to the cost of the finished products plus a profit margin of around 5% agreed at arm's length basis and taking into account the prevailing market rates.

Historical amounts

In respect of the Dx&Vx Probiotic Supplements Procurement Framework Agreement, the historical amounts were nil, approximately USD2.62 million and USD0.61 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Annual caps

In respect of the Dx&Vx Probiotic Supplements Procurement Framework Agreement, the transaction amounts to be paid by Beijing Coree to Beijing Dx&Vx for the three years ending December 31, 2028 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2026	**2027**	**2028**
		(USD'000)	
Transaction amount to be paid by Beijing Coree to Beijing Dx&Vx	1,706	1,273	1,468

Basis of caps

In determining the above proposed annual caps, we have primarily considered: (i) the historical transaction amounts during the Track Record Period; (ii) the expected demand for the relevant products based on our Group's business development plans; and (iii) a reasonable buffer to accommodate potential fluctuations in product demand and pricing.

Listing Rules implications

In respect of the transactions contemplated under the Dx&Vx Probiotic Supplements Procurement Framework Agreement, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but below 5% on an annual basis. Accordingly, the continuing connected transactions as described above will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

5. Promotion, Publicity and Design Services Framework Agreement

Principal terms

Beijing Coree, our wholly-owned subsidiary, entered into a promotion, publicity and design services framework agreement (the "**Promotion, Publicity and Design Services Framework Agreement**") with Beijing Dx&Vx on [•], pursuant to which Beijing Coree will provide Beijing Dx&Vx with certain promotion, publicity and design services, including but not limited to (i) market promotion services such as product training, advertising placement, video promotion, social media promotion and content marketing; (ii) publicity services including press release creation, translation and media distribution; and (iii) product packaging design, brand identity design and retail display design services.

The Promotion, Publicity and Design Services Framework Agreement will commence on the **[REDACTED]** and expire on December 31, 2028. Subject to compliance with the Listing Rules and applicable laws and regulations, the Promotion, Publicity and Design Services Framework Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with one month's written notice prior to the expiry of the agreement's term.

Reasons for the transactions

Beijing Coree is principally engaged in the trading of maternity products, and has developed in-house capabilities in brand marketing, digital promotion, media relations and product packaging design through operating dedicated marketing teams in support of our own product portfolio . The provision of promotion, publicity and design services to Beijing Dx&Vx provides an additional source of income and enhances the Group's profitability by leveraging Beijing Coree's marketing expertise and well established relationship with various distribution channels in the PRC market.

Pricing policies

The fees payable by Beijing Dx&Vx to Beijing Coree under the Promotion, Publicity and Design Services Framework Agreement will be determined with reference to prevailing market rates, and are negotiated on an arm's length basis taking into account (i) the types, scope and volume of services required; (ii) the prevailing market rates charged by independent third-party service providers for comparable services; and (iii) the complexity and deliverables of the relevant projects.

Historical amounts

In respect of the promotion, publicity and design services provided by Beijing Coree to Beijing Dx&Vx, the historical amounts were approximately USD0.32 million, USD0.43 million and USD0.15 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Annual caps

In respect of the Promotion, Publicity and Design Services Framework Agreement, the transaction amounts to be paid by Beijing Dx&Vx to Beijing Coree for the three years ending December 31, 2028 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2026	**2027**	**2028**
		(USD'000)	
Transaction amount to be received by Beijing Coree from Beijing Dx&Vx	1,586	367	440

Basis of caps

In determining the above proposed annual caps, we have primarily considered: (i) the historical transaction amounts during the Track Record Period under the existing promotion, publicity and design services arrangements between Beijing Coree and Beijing Dx&Vx; (ii) the anticipated demand for marketing, publicity and design services in the next three years taking into account the new product launches, multi-channel brand expansion strategies and the expected increase in marketing activities; and (iii) the prevailing market rates for comparable services. The proposed annual cap for the year ending December 31, 2026 is higher than those for subsequent years primarily because (a) Beijing Dx&Vx engaged Beijing Coree for new service categories in 2026, including media publicity services and product packaging design projects (such as brand identity and packaging system design for the Aichonghuan® and MAREDORO® series); and (b) enhanced promotion efforts in 2026 to support Beijing Dx&Vx's market expansion and drive sales growth across its distribution channels.

Listing Rules implications

In respect of the transactions contemplated under the Promotion, Publicity and Design Services Framework Agreement, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but below 5% on an annual basis. Accordingly, the continuing connected transactions as described above will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

6. Dx&Vx Formula Milk Products Sales Framework Agreement

Principal terms

Ofmom Korea, the wholly-owned subsidiary of Ofmom HK, entered into a formula milk products sales framework agreement (the "**Dx&Vx Formula Milk Products Sales Framework Agreement**") with Dx&Vx on [•], pursuant to which Ofmom Korea will sell formula milk products to Dx&Vx.

The Dx&Vx Formula Milk Products Sales Framework Agreement will commence on the **[REDACTED]** and expire on December 31, 2028. Subject to compliance with the Listing Rules and applicable laws and regulations, the Dx&Vx Formula Milk Products Sales Framework Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with one month's written notice prior to the expiry of the agreement's term.

Reasons for the transactions

The sale of formula milk products by Ofmom Korea to Dx&Vx forms part of our Group's ordinary course of business. Our Directors believe that this arrangement enables our Group to generate additional revenue by leveraging Ofmom Korea's product manufacturing and sourcing capabilities to serve the market demand of Dx&Vx, and is therefore beneficial to our Group and our Shareholders as a whole.

Pricing policies

The fees payable by Dx&Vx to Ofmom Korea for formula milk products under the Dx&Vx Formula Milk Products Sales Framework Agreement will be determined with reference to the cost of the finished products plus a profit margin of around 10% agreed at arm's length basis and taking into account (a) the types and quantity of the formula milk products procured; (b) the prevailing market price charged by other independent third-party manufacturers of similar products, and (c) fluctuations in foreign exchange rates and incidental import expenses.

Historical amounts

In respect of the formula milk products sold by Ofmom Korea under the Dx&Vx Formula Milk Products Sales Framework Agreement, the historical amounts were nil, approximately USD0.68 million and USD0.74 million for the years ended December 31, 2023, 2024 and 2025, respectively.

Annual caps

In respect of the Dx&Vx Formula Milk Products Sales Framework Agreement, the transaction amounts to be received by Ofmom Korea from Dx&Vx for the three years ending December 31, 2028 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2026	**2027**	**2028**
		(USD'000)	
Transaction amount to be received by Ofmom Korea from Dx&Vx	220	276	331

Basis of caps

In determining the above proposed annual caps, we have primarily considered: (i) the historical transaction amounts during the Track Record Period under the existing formula milk products sales arrangements between Ofmom Korea and Dx&Vx; (ii) the anticipated demand for formula milk products from Dx&Vx with reference to its business development needs and expected market demand; and (iii) the anticipated fluctuations in foreign exchange rates and import-related costs.

Listing Rules implications

In respect of the transactions contemplated under the Dx&Vx Formula Milk Products Sales Framework Agreement, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to be above 0.1% but below 5% on an annual basis. Accordingly, the continuing connected transactions as described above will be subject to the annual reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

7. Pharmaceutical Products Purchase Framework Agreement

Principal terms

Coree Wuhan, our wholly-owned subsidiary, entered into a pharmaceutical products purchase framework agreement (the "**Pharmaceutical Products Purchase Framework Agreement**") with Beijing Medi'Care on [•], pursuant to which Coree Wuhan will purchase pharmaceutical products from Beijing Medi'Care.

The Pharmaceutical Products Purchase Framework Agreement will commence on the **[REDACTED]** and expire on December 31, 2028. Subject to compliance with the Listing Rules and applicable laws and regulations, the Pharmaceutical Products Purchase Framework Agreement may be renewed for a further term of three years from time to time, unless either party notifies the other party to the contrary with one month's written notice prior to the expiry of the agreement's term.

Reasons for the transactions

Beijing Medi'Care is principally engaged in the distribution of pharmaceutical products in China, and has a long-standing relationship of over 20 years with our suppliers for pharmaceutical products, including Hanmi Group. Coree Wuhan, on the other hand, is a subsidiary also holding the required distribution license and was acquired by us in 2023 with an aim to further expand our medicine marketing, promotion and sales business. In view of our regional strategies and considering the strategic location of Wuhan, our Company believes that Coree Wuhan offers an additional sales channel for the pharmaceutical products procured by Beijing Medi'Care, thereby contributing to a wider sales and distribution network and increased profitability. In particular, the engagement of Coree Wuhan is aligned with our Group's strategy to diversify operational and market risks and accelerate business expansion by leveraging Coree Wuhan's distribution network and geographical advantages. Having considered the above, our Directors believe that it will be beneficial to our Group for Coree Wuhan to continue procuring pharmaceutical products from Beijing Medi'Care for onward distribution.

Pricing policies

The fees payable by Coree Wuhan to Beijing Medi'Care under the Pharmaceutical Products Purchase Framework Agreement will be determined with reference to the procurement cost of the pharmaceutical products plus a profit margin agreed at arm's length basis, which is subject to review on an annual basis taking into account (i) the types and quantity of pharmaceutical products procured; and (ii) the prevailing market rates charged by independent third party suppliers for similar products.

Historical amounts

In respect of the pharmaceutical products purchased by our Group under the Pharmaceutical Products Purchase Framework Agreement, the historical amounts were USD65.62 million, USD149.68 million and USD160.28 million for the three years ended December 31, 2023, 2024 and 2025, respectively.

Annual caps

In respect of the Pharmaceutical Products Purchase Framework Agreement, the transaction amounts to be paid by Coree Wuhan to Beijing Medi'Care for the three years ending December 31, 2028 shall not exceed the proposed annual caps as set out in the table below:

	Proposed annual caps for the year ending December 31,		
	2026	**2027**	**2028**
		(USD'000)	
Transaction amount to be paid by Coree Wuhan to Beijing Medi'Care	227,428	272,914	316,205

Basis of caps

In determining the above proposed annual caps, we have primarily considered (i) the historical transaction amounts during the Track Record Period under the existing pharmaceutical products purchase arrangements between Coree Wuhan and Beijing Medi'Care; (ii) the anticipated sale of the pharmaceutical products from Beijing Medi'Care to Coree Wuhan with reference to the expected market demand of the relevant products; and (iii) the anticipated increase in procurement capacity of our Group in the next three years.

Listing Rules implications

In respect of the transactions contemplated under the Pharmaceutical Products Purchase Framework Agreement, the highest applicable percentage ratio calculated for the purpose of Chapter 14A of the Listing Rules is expected to exceed 5% on an annual basis. Accordingly, the continuing connected transactions as described above will be subject to the annual reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

In relation to the continuing connected transactions above, we have applied for[, and the Stock Exchange has granted to us,] a waiver from strict compliance with the announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules pursuant to Rule 14A.105 of the Listing Rules, subject to the condition that the aggregate value of such continuing connected transactions for the years ended December 31, 2026, 2027 and 2028 shall not exceed relevant annual amounts stated above.

CONFIRMATION FROM OUR DIRECTORS

Our Directors (including independent non-executive Directors) consider that (i) the non-exempt and partially-exempt continuing connected transactions have been and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms, are fair and reasonable and in the interests of our Group and Shareholders as a whole; and (ii) the proposed annual caps in respect of the non-exempt and partially-exempt continuing connected transactions are fair and reasonable, and in the interests of our Group and Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor is of the view that (i) the non-exempt and partially-exempt continuing connected transactions as set out above have been and will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms or better, are fair and reasonable and in the interests of our Group and Shareholders as a whole; and (ii) the proposed annual caps are fair and reasonable, and in the interests of our Group and Shareholders as a whole.