

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised), Gao Tieta through GT HoldCo will control an aggregate of [REDACTED]% of the issued share capital of our Company. Therefore, Gao Tieta and GT HoldCo will be our Controlling Shareholders.

Mr. Gao is our executive Director, chairman of the Board and chief executive officer. For further background of Mr. Gao, see "Directors and Senior Management."

COMPETITION

As of the Latest Practicable Date, none of our Controlling Shareholders, our Directors and their respective close associates had any interest in any business which competes or is likely to compete, either directly or indirectly with our Company's business which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

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

Management Independence

Upon [REDACTED], our Board will consist of nine Directors, comprising four executive Directors, two non-executive Directors and three independent non-executive Directors. For details, see "Directors and Senior Management."

Our Directors consider that our Board as a whole and together with our senior management are able to manage our business independently of our Controlling Shareholders and their close associates because:

- (a) each Director is aware of his/her fiduciary duties as a Director which require, among others, that he/she acts for the benefit and in the best interests of our Company and shall not allow any conflict between his/her duties as a Director and his/her personal interests;
- (b) our daily management and operations are carried out by a senior management team, all of whom have substantial experience in the medical 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;
- (c) according to our Articles of Association, in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting and shall not be counted towards the quorum;

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- (d) we have appointed three independent non-executive Directors to provide independent judgment to the decision-making process of our Board, and certain matters of our Company must always be referred to the independent non-executive Directors for review;
- (e) where a Shareholders' meeting is held to consider a proposed transaction in which the Controlling Shareholders has a material interest, the Controlling Shareholders shall abstain from voting on the resolutions and shall not be counted towards the quorum for the voting; and
- (f) we have adopted other corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders, as detailed in "— Corporate Governance Measures."

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

Financial Independence

Our Group has independent audit, accounting and financial systems. We have established an independent finance department responsible for discharging the treasury function and make financial decisions according to our own business needs. We have opened accounts with banks independently and do not share any bank account with our Controlling Shareholders or their respective close associates. We have made tax filings and paid tax independently from our Controlling Shareholders or their respective close associates pursuant to applicable laws and regulations. We have adequate internal resources and credit profile to support our daily operations. We can obtain financing from third parties, if necessary, without reliance on our Controlling Shareholders.

During the Track Record Period, we had certain amounts due to and from related parties, as detailed in note 37 to the Accountants' Report set out in Appendix I to this Document. The trade balance due to and from related parties were nil and nil as of June 30, 2022. The non-trade balance due to and from related parties were nil and nil as of June 30, 2022. The non-trade balance has been settled before the [REDACTED]. As of the date of this Document, there is no outstanding loan or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates.

Based on the above, our Company considers there is no financial dependence on our Controlling Shareholders and their respective close associates.

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Operational Independence

We engage in our operations independently, making and implementing operational decisions independently. We have obtained all material licenses and permits necessary for our business operations and are not dependent upon our Controlling Shareholder or his close associates for any such licenses and permits. We owns all relevant intellectual properties and research and development facilities that are necessary for our business operations, and have sufficient capital, facilities, technology, equipment and employees to operate our business independently from our Controlling Shareholders.

Based on the above, our Directors are satisfied that we will be able to function and operate independently from 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 corporate governance measures to manage actual or potential conflict of interests between our Group and our Controlling Shareholders:

- (a) where a Board meeting is held to consider matters in which a Director has a material interest, such Director shall abstain from voting on the relevant resolutions and shall not be counted towards quorum for the voting;
- (b) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. Our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, see "Directors and Senior Management";
- (c) our Company has established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of their associates, our Company will comply with the applicable Listing Rules;
- (d) as required by the Listing Rules, our independent non-executive Directors shall review all connected transactions annually and confirm in our annual report that such transactions have been entered into in our ordinary and usual course of business, are either on normal commercial terms or on terms no less favorable to us than those available to or from independent third parties and on terms that are fair and reasonable and in the interest of our Shareholders as a whole;
- (e) our Company will disclose decisions on matters reviewed by the independent non-executive Directors either in its annual reports or by way of announcements as required by the Listing Rules;
- (f) 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 expense; and

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- (g) we have appointed Haitong International Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, 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 conflict of interests between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the [REDACTED].