RAINBOW CAPITAL (HK) LIMITED
滙博資本有限公司

Date: 24 June 2026

Sisram Medical Ltd (the "Company")
HaHarash Street 18
Industrial Park
Caesarea 3079895
Israel

Dear Sir/Madam,

RE: CONTINUING CONNECTED TRANSACTION RELATING TO THE NEW SUPPLY FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 24 June 2026 (the "Circular") in connection with the New Supply Framework Agreement. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

We confirm that as at the Latest Practicable Date, (i) we did not have any direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares in any member of the Group; and (ii) we did not have any direct or indirect interests in any assets which have been, since 31 December 2025 (being the date to which the latest published audited consolidated financial statements of the Group were made up), acquired or disposed of by or leased to any member of the Group, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

We hereby further give our consent and confirm that we have not withdrawn our consent to the issue of the Circular by the Company, and the inclusion therein of all references to our name (including our qualification) and our letter, report or opinion, in the form and context in which they are respectively included in the Circular.

We hereby consent to our letters being made available for display as described in the Circular.

Yours faithfully,

For and on behalf of
Rainbow Capital (HK) Limited

Name: Danny Leung
Title: Managing Director

协议编号：FRTJ-2026-110

供应协议

供方（甲方）：SISRAM MEDICAL HK LIMITED

需方（乙方）：复星万邦（江苏）健康发展有限公司

签约地点：中国徐州

签约时间：2026 年 05 月 22 日

供应协议

甲方：SISRAM MEDICAL HK LIMITED
乙方：复星万邦（江苏）健康发展有限公司

根据《中华人民共和国民法典》、《中华人民共和国药品管理法》、《中华人民共和国产品质量法》及相关法律法规，甲、乙双方本着平等自愿、协商一致的原则，就乙方采购甲方药品达成如下合同，双方共同遵守。

第一条　甲、乙双方签订本合同前已经认真阅读了本合同的全部内容，对合同条款和专业名词的理解一致。

第二条　甲、乙双方均保证其依照法律具有签订本合同的资格。在签订本合同前，甲方确定已经将其有关证明（包括营业执照、生产批件、专利证书、质量标准、委托书等一切与公司、产品、销售人员有关的材料）的复印件加盖公章原印章提供给乙方，保证复印件与原件一致，如有更新随时提供给乙方，并承担由此引发的任何法律责任。

第三条　甲、乙双方同意本供应协议项下的交易，在甲方的日常业务中按一般商业条款，以及（就甲方而言）不逊于甲方向独立第三方供应相类商品的条款和条件进行，包括供货价格、支付条件等，犹如甲方与独立第三方进行交易。供应产品明细、供货价（见下表），如发生产品、规格或价格变更，应甲乙双方共同确认，将相关文件作为合同附件。

产品名称	批准文号	包装规格	单位	供货价（元）
注射用A型肉毒毒素	国药准字 SJ20240041	1 支/盒； 2 支/盒	盒	双方另行书面约定

第四条　销售区域：中华人民共和国，为本协议目的，不包括香港、澳门和台湾地区。

第五条　采购方式：甲方通过乙方书面批次采购订单为乙方供货。

第六条　货款支付

1、　货款结算时间：乙方收到下游商业回款后，应在10个工作日内支付相应货款。
2、　货款结算方式：银行电汇。
3、　货款结算依据：乙方下游回款凭证。
4、　甲方向乙方提供合法、合规发票，甲方必须将发票送达（或快递）至乙方指定收票人，甲方未按要求提供票据而造成票据丢失，无法结算货款，由甲方承担由此造成的一切责任。开票信息、收票信息如有调整，由乙方另行通知。
5、　因检验、鉴定引起的药品消耗，可在回款时予以相应扣除。如进口法定检验需抽样160支/批号，甲方应在确认抽样后向乙方提供相应货值的贷项单/红字发票，用于乙方扣除相应回款。

第七条　交货期限：

1、　甲方接到乙方书面采购订单后，尽快组织发货。
2、　如因不可抗力原因不能按期发货，应在接到发生不可抗力事件后壹个工作日内通知乙方。

第八条　交货方式：境外药品上市许可持有人指定地点。

第九条　运输、装卸费用：N/A。

第十条　药品质量

由双方签订的《质量保证协议》进行约定。

第十一条　药品验收

由双方签订的《质量保证协议》进行约定。

第十二条　退换货及售后服务约定

1、　对出现下列情形之一的，甲方同意无偿退换货：因质量问题导致的退换货按质量协议执行。

第十三条　销售计划：/
双方另行约定
第十四条　药品效期：
1、甲方供给乙方产品的生产日期与收货日期间隔原则上不得大于陆个月，但双方另有约定的除外。
2、若超过以上效期，必须提前十日书面向乙方提出并经过乙方同意方可发货；否则，乙方有权拒收。
第十五条　关于价格变动
双方另行约定
第十六条　违约责任
1、甲乙双方因非不可抗力原因，违反本合同约定的，违约方应承担全部责任，并向对方支付违约给对方造成的全部实际直接的损失。
2、以下情况不作为违约：
1) 国家物价及政策发生重大变化，致使双方继续合同存在困难时。
2) 因不可抗拒原因致使合同无法履行，但应在该等事件发生后15日内提供合同不能履行的理由及证明文件。

第十七条　甲、乙双方承认并同意，鉴于甲方的母公司为香港交易所（“联交所”）上市公司并须遵守《香港联合交易所有限公司证券上市规则》（“上市规则”），甲方履行本协议将始终须遵守上市规则。
第十八条　双方在合作期间所有业务往来以本合同为准，所有执行文件以双方盖章的书面通知为准。
第十九条　乙方将会配合甲方的要求提供充分的资料给甲方及其集团的审计师，以便甲方所属集团得以根据香港适用法律、上市规则及联交所的其他规定就本协议项下的交易遵守相关的公告、披露规定及获得股东批准的要求（如适用）。
第二十条　如因市场销售等原因，有其他约定，应签订补充协议。
第二十一条　本合同一式贰份，甲方壹份、乙方壹份，经双方盖章后生效。
第二十二条　未尽事宜，双方友好协商解决。如有争议，提起诉讼的，在乙方所在地人民法院诉讼。
第二十三条　合同期限：2026 年 06 月 10 日至 2029 年 06 月 09 日甲、乙双方可共同协商并以书面形式于协议期限届满时进行延期，延长期限不得超过三年，且须遵守届时现行有效的上市规则的所有相关规定。

（以下无正文，仅供签署之用）

甲方：SISRAM MEDICAL HK LIMITED

法定代表人或授权人：

日　期：2026 年 05 月 22 日

乙方：复星万邦（江苏）健康发展有限公司

法定代表人或授权人：刘栢宏

日　期：2026 年 05 月 22 日

FOSUN PHARMA
复星医药

供货价格厘定基准

甲方特此说明，供应协议项下供应的相关产品的供货价将按成本加成的方式计算，即按实际成本加上合理利润率（介乎 2.66% 至 10.21%）厘定价格，并视乎销售模式、分销层级、学术推广及营销运营成本等因素而定。

RAINBOW CAPITAL (HK) LIMITED
浤博資本有限公司

24 June 2026

To the Independent Board Committee and the Independent Shareholders

Sisram Medical Ltd
Room 1917, 19/F
Lee Garden One
33 Hysan Avenue, Causeway Bay
Hong Kong

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTION RELATING TO THE NEW SUPPLY FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the New Supply Framework Agreement. Details of the New Supply Framework Agreement are set out in the "Letter from the Board" contained in the circular issued by the Company to the Shareholders dated 24 June 2026 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

In order to renew the Existing Supply Framework Agreement, on 22 May 2026, Sisram HK entered into the New Supply Framework Agreement with Fosun Wanbang (Jiangsu), pursuant to which Sisram HK may supply the Product to Fosun Wanbang (Jiangsu), and Fosun Wanbang (Jiangsu) may purchase the Product from Sisram HK during the Term. The New Supply Framework Agreement and the proposed annual caps of the transactions contemplated thereunder are subject to Independent Shareholders' approval.

As at the Latest Practicable Date, Fosun Wanbang (Jiangsu) is an indirect wholly-owned subsidiary of Fosun Pharma, the controlling shareholder of the Company. Therefore, Fosun Wanbang (Jiangsu) is a connected person of the Company. Accordingly, the entering into of the New Supply Framework Agreement would constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios (within the meaning of the Listing Rules) in respect of the proposed annual caps of the transactions contemplated under the New Supply Framework Agreement are more than 5%, the transactions contemplated under the New Supply Framework Agreement constitute continuing connected transactions of the Company which shall be subject to the reporting, annual review and announcement requirements, as well as the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

An Independent Board Committee comprising all the independent non-executive Directors has been formed to advise the Independent Shareholders as to (i) whether the New Supply Framework Agreement is entered into in the ordinary and usual course of business of the Group, (ii) whether the terms of the New Supply Framework Agreement and the proposed annual caps of the transactions contemplated thereunder are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and the Shareholders as a whole, and (iii) how to vote in respect of the relevant resolution(s) to be proposed at the EGM. We, Rainbow Capital, have been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, Fosun Pharma or their respective substantial shareholder(s) or connected person(s), as defined under the Listing Rules that could reasonably be regarded as relevant to our independence. There was no engagement between the Group or Fosun Pharma and us in the last two years. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received any fees or benefits from the Group, Fosun Pharma or their respective substantial shareholder(s) or connected person(s). Accordingly, we are qualified to give independent advice on the New Supply Framework Agreement and the transactions contemplated thereunder.

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the New Supply Framework Agreement and the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. No material facts have been withheld or omitted from the information provided and referred to in the Circular and all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the Latest Practicable Date.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation on the terms of the New Supply Framework Agreement, we have taken into account the principal factors and reasons set out below:

1. Information on the parties

(a) The Group

The Company is principally engaged in the provision of energy-based medical aesthetic treatment systems, with comprehensive in-house capability to design, develop and produce such systems, which often feature its innovative and proprietary technologies. In addition, the Company is actively expanding the business into injectables, alongside complementary offerings.

Sisram HK is a wholly-owned subsidiary of the Company.

(b) Fosun Wanbang (Jiangsu) and Fosun Pharma

Fosun Wanbang (Jiangsu) is an indirect wholly-owned subsidiary of Fosun Pharma, the controlling shareholder of the Company. Fosun Wanbang (Jiangsu) is mainly engaged in the wholesale of medical drugs.

As introduced in the website of Fosun Pharma, founded in 1994, Fosun Pharma is an innovation-driven global pharmaceutical and healthcare group. With the mission of Better Health for Families Worldwide, Fosun Pharma focuses on developing innovative medicines, medical technologies and diagnostics as well as delivering healthcare services. Through its business partner Sinopharm Group, Fosun Pharma has established pharmaceutical distribution network, built a comprehensive pharmaceutical and healthcare ecosystem.

2. Information on the Product

The Product, botulinum toxin type A for injection (DaxibotulinumtoxinA-lanm, with the trademark of 達希斐® in Mainland China and the English trademark of DAXXIFY®, project code RT002), is indicated for the temporary improvement in the appearance of moderate to severe glabellar lines associated with corrugator and/or procerus muscle activity in adult patients.

On October 26, 2022, and December 15, 2022, respectively, Sisram Medical (Tianjin) Limited, a subsidiary of the Group, entered into a sublicense agreement and its amendments with Fosun Pharma Industrial, pursuant to which Sisram Tianjin agreed to sublicense from Fosun Pharma Industrial the relevant know-hows and patents of the Product, so as to, among other things, import, use, sell or commercialize the Product in the PRC, Hong Kong and the Macau Special Administrative Region of the PRC.

As disclosed in the Company's announcement dated January 5, 2026, the Product has passed the quality testing from National Institutes for Food and Drug Control of the PRC. As disclosed in the Company's annual report for the year ended December 31, 2025 ("**FY2025**"), the Product has been rolled out in multiple provinces and cities across Chinese Mainland, with its coverage continuously expanding. Leveraging strong product performance and efficient commercial strategy, the commercial shipment volume has reached over ten thousand units, with steady growth in the usage metrics. The Company is accelerating commercialization of the Product in Mainland China.

3. Reasons for and benefits of entering into of the New Supply Framework Agreement

The Company is rapidly emerging as a distinguished global provider of medical aesthetic solutions, backed by over 25 years of leadership in the energy-based device sector. Anchored by a legacy of innovation and clinical excellence, the Company has cultivated a unique, synergistic ecosystem that spans energy-based technologies, injectables, diagnostics, and complementary solutions. The Group's revenue generated from injectables accounted for approximately 7.6% of its total revenue for FY2025.

With reference to the Letter from the Board, the Directors believe that the entering into of the New Supply Framework Agreement is in line with the sales plan of the Group. The Product to be supplied by Sisram HK under the New Supply Framework Agreement falls within the ordinary and usual course of business of the Group. The botulinum toxin industry is a highly regulated industry in the PRC which is subject to stringent regulatory oversight, and only a limited number of institutions having met the necessary qualifications for importing and distributing toxic drugs for medical use in the Mainland China, with Fosun Wanbang (Jiangsu) being one of such qualified institutions and having nation-wide distribution capabilities. Given that many of the other third-party qualified institutions are currently engaged by the Company's competitors, and Fosun Wanbang (Jiangsu) has not cooperated with such competitors in the past and has maintained its independence in the market, the Company considers that it is strategically beneficial to collaborate with Fosun Wanbang (Jiangsu). This arrangement is expected to support the long-term commercial planning and operational efficiency of the Company.

We have discussed with the Directors and noted the following factors: (i) since the Product passed the quality testing in January 2026, the Group has been collaborating with Fosun Wanbang (Jiangsu) in accordance with the Existing Supply Framework Agreement entered into on June 10, 2025. The renewal of the Existing Supply Framework Agreement is conducive to maintaining a stable and consistent collaboration between the parties; (ii) the entering into of the New Supply Framework Agreement supports the accelerated commercialization of the Product, which is expected to have a growing contribution to the Group's revenue; and (iii) leveraging Fosun Wanbang (Jiangsu)'s qualifications for importing and distributing toxic drugs for medical use, as well as its nationwide distribution capabilities, the Group can solidify its leading position in the medical aesthetics market. We therefore consider that the New Supply Framework Agreement was entered into in the ordinary and usual course of business of the Group, and is in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the New Supply Framework Agreement

The principal terms of the New Supply Framework Agreement are set out below:

Date	:	22 May 2026
Parties	:	(a) Sisram HK; and (b) Fosun Wanbang (Jiangsu).
Subject Matter	:	Pursuant to the New Supply Framework Agreement, Sisram HK may supply the Product to Fosun Wanbang (Jiangsu), and Fosun Wanbang (Jiangsu) may purchase the Product from Sisram HK from time to time during the Term. Fosun Wanbang (Jiangsu) may place orders in writing for the Product to Sisram HK pursuant to the terms of the New Supply Framework Agreement. Definitive agreements shall be entered into from time to time to document the specific details of each purchase order in accordance with the principles laid down in the New Supply Framework Agreement.
Supply Region	:	PRC
Term	:	From 10 June 2026 to 9 June 2029. The New Supply Framework Agreement may be renewed for a period not exceeding three years after expiration of the Term by mutual agreement of Sisram HK and Fosun Wanbang (Jiangsu). The Company will comply with the relevant Listing Rule requirements in connection with any such renewal.
Pricing	:	The transactions under the New Supply Framework Agreement shall be conducted in the ordinary and usual course of business of Sisram HK and (as far as Sisram HK is concerned) on terms no less favorable than the terms and conditions for the supply of similar goods to independent third parties by Sisram HK.

The unit price of the Product will be separately agreed between Sisram HK and Fosun Wanbang (Jiangsu) on a cost-plus basis: the price will be determined based on the cost incurred and a reasonable profit margin between 2.66% and 10.21%, taking into account sales model, distribution tiers, academic promotion and marketing operating costs and other factors at the material time.

To assess the fairness and reasonableness of the terms under the New Supply Framework Agreement, we have discussed with the management of the Company the factors considered in determining the proposed profit margin for provision of the Product to Fosun Wanbang (Jiangsu), and understand that the Company has taken into account a transfer pricing study (the "**Study**") conducted by an independent consultant. The independent consultant was commissioned by the Company and is a leading global professional services firm with extensive expertise in transfer pricing advisory. Accordingly, we consider that the independent consultant possesses the requisite qualifications and experience to provide the opinions set forth in the Study.

The Study utilizes operating profit margin, being net profit before interest and tax divided by operating income, as the profit level indicator to evaluate the arm's length return for Sisram HK regarding the distribution of the Products. The consultant identified an exhaustive list of 12 comparable companies within the Far East and Central Asia regions (including PRC and Hong Kong) engaged in pharmaceutical distribution. In assessing whether these comparable companies are fair and representative, we have independently reviewed the selection criteria applied by the independent consultant, including (i) geographic relevance to ensure market comparability; (ii) sufficiency and availability of financial information for analysis; (iii) exclusion of companies with continuous operating losses to eliminate financial anomalies; and (iv) comparability in operational positioning and product offerings to ensure alignment with the functional profile of Sisram HK. We have also conducted an independent search utilizing the identical selection criteria, and did not identify any additional comparable companies. Taking into account that Sisram HK is positioned as a distributor without involvement in research and development or manufacturing, its functional and risk profile aligns closely with the selected comparable companies. We consider that these comparable companies are fair and representative and represent appropriate benchmarks for comparison.

Based on the Study, the independent consultant calculated the operating profit margins of these comparable companies based on the publicly available information and established an inter-quartile range of operating profit margins from these comparable companies to define a reasonable profit benchmark. The resulting range was 2.66% to 10.21%, with a median of 4.13%. Since the profit margin range of approximately 2.66% to 10.21% under the New Supply Framework Agreement is consistent with this inter-quartile range, we consider that the pricing terms of the Agreements are on normal commercial terms and fair and reasonable.

Regarding the payment terms, Fosun Wanbang (Jiangsu) shall settle the payments to Sisram HK within 10 business days upon receiving payments from downstream customers. We have discussed with the management of the Company the factors (including the settlement mechanism between Sisram HK and Fosun Wanbang (Jiangsu)) considered in determining such payment terms. As advised by the management of the Company, the Company has no other similar products supplied to independent third parties, and the business models of other industry peers differ significantly, so that no payment terms of comparable transactions are available for reference. Furthermore, we note that pursuant to the commercial distribution cooperation agreement entered into between Sisram Tianjin and Fosun Wanbang (Jiangsu), Fosun Wanbang (Jiangsu) provides import, procurement, commercial distribution and other services to the Company and pays a service fee (calculated as total sales amount less procurement costs, import taxes, and operating and other expenses) to the Company. Therefore, throughout the entire import and distribution process of the Product, Fosun Wanbang (Jiangsu) effectively retains only the reimbursement for its operating and other expenses, while the Company retains the profit generated from the product sales, which is substantially equivalent to the Company selling directly to downstream customers. Since the Company retains the downstream sales profits, we consider that it is commercially justified for the Company to bear the ultimate credit risk.

As stated in the Letter from the Board, in the event of default in payment by any downstream customers, Sisram HK will suspend supply of the Product to Fosun Wanbang (Jiangsu) for such defaulting downstream customers. Where the recovery of payment through Fosun Wanbang (Jiangsu) proves to be unsuccessful and where such default is material, Sisram HK may join Fosun Wanbang (Jiangsu) in the relevant debt collection process and possibly take legal actions against such downstream customers with Fosun Wanbang (Jiangsu) where appropriate. Based on our discussions with the management of the Group, we understand that this mechanism represents a standard operating procedure utilized by the Group to handle defaulting customers. Accordingly, we are of the view that such credit risk management measures under the New Supply Framework Agreement are in the interests of the Company and the Shareholders as a whole.

On this basis, we consider it fair and reasonable for Fosun Wanbang (Jiangsu) to settle payments with Sisram HK only after receiving downstream collections within 10 business days.

In addition to the pricing policy and payment terms, we have also reviewed all other terms of the New Supply Framework Agreement, including but not limited to the default liabilities, delivery arrangement, and invoicing requirements. We noted that the obligations imposed on Sisram HK are reciprocal, customary, and do not contain any non-standard liabilities that would disadvantage the Group. Based on the above, we are of the view that the terms of the New Supply Framework Agreement are on normal commercial terms and are fair and reasonable so far as the shareholders are concerned.

5. Assessment of the Proposed Annual Caps

(a) Historical transaction amount

As the Product has only passed quality testing from the National Institutes for Food and Drug Control of the PRC in early 2026, Sisram HK did not commence commercial production in 2025. There were therefore no historical transactions between Sisram HK and Fosun Wanbang (Jiangsu) in relation to the supply of the Product in 2025. For the period from 1 January 2026 to 30 April 2026, the transaction amount between Sisram HK and Fosun Wanbang (Jiangsu) in relation to the supply of the Product amounted to approximately US$2,052,000, representing approximately 14.3% of the annual cap for the period from 1 January 2026 to 9 June 2026 under the Existing Supply Framework Agreement. The low utilisation rate was mainly due to that the Company only started commercial production at the beginning of 2026.

(b) Proposed Annual Caps

Set out below are the proposed annual caps in respect of the transactions contemplated under the New Supply Framework Agreement for the following periods:

	For the period from 10 June 2026 to 31 December 2026 *(US$)*	For the year ending 31 December 2027 *(US$)*	For the year ending 31 December 2028 *(US$)*	For the period from 1 January 2029 to 9 June 2029 *(US$)*
Aggregate transaction amount	6,200,000	22,000,000	44,000,000	38,000,000

The proposed annual caps were determined with reference to (1) the actual transaction amounts for the period from 1 January 2026 to 30 April 2026; (2) existing orders, market demand and the estimated volume and schedule of delivery of the Product to be supplied by Sisram HK to Fosun Wanbang (Jiangsu); (3) the prevailing market price of the Product (or same/similar types of products on the market); (4) potential increase in unit price of the Product ; and (5) other factors including but not limited to Product characteristics and competitive landscape of the Product.

We have discussed with the management of the Company the factors considered in determining the proposed annual caps and understand that, other than referencing to the actual transaction amounts for the period from 1 January 2026 to 30 April 2026, the Company has also referenced a market research report (the "**Industry Report**") prepared by an independent industry consultant, which is a leading global provider of clinical research services, commercial insights, and healthcare intelligence to the life sciences and healthcare industries. We note in 2024, there were a total of five approved botulinum toxin products in the PRC market, with the overall market size in terms of sales value reaching approximately RMB6.53 billion in 2024, representing a compound annual growth rate (CAGR) of approximately 10% from 2021 to 2024. Assuming the historical CAGR is maintained, the market size from 2026 to 2029 is projected to be approximately RMB7.90 billion, RMB8.69 billion, RMB9.56 billion, and RMB10.52 billion, respectively. Considering the Product's stronger and innovative product profile, the Company's projected sales revenue from Fosun Wanbang (Jiangsu) from 2026 to 2029 is estimated to be approximately US$11.5 million, US$21.8 million, US$43.7 million and US$74.4 million respectively (equivalent to approximately RMB0.08 billion, RMB0.15 billion, RMB0.30 billion, and RMB0.51 billion, respectively), corresponding to implied market shares of approximately 1.0%, 1.7%, 3.1%, and 4.8% respectively. According to the Industry Report, a comparable product launched in 2021 achieved market shares of approximately 3.0%, 4.0%, 6.0%, and 6.0% from 2021 to 2024. Given that the projected market shares for the Product are more conservative than the historical trajectory of the comparable product, we are of the view that the projected market shares of the Product and the resulting proposed annual caps are fair and reasonable.

6. Internal control procedures and corporate governance of the Group

The Company has a system to monitor its connected transactions and continuing connected transactions, which includes maintaining and regularly updating the list of connected persons of the Company, checking the contracting party in each transaction to confirm whether it is a connected person, monitoring the value of transactions that are identified as connected transactions against the thresholds for triggering disclosure and shareholder approval requirements under the Listing Rules and ensuring that relevant business departments are regularly updated in relation to the renewal of connected transactions. The Company will in the ordinary course review periodically its internal controls to ensure applicable Listing Rules requirements will be complied with. Such steps include that (i) the relevant representatives of the Group and its controlling shareholders will meet more regularly to discuss any potential transactions between the Company and its controlling shareholders, (ii) the independent non-executive Directors and the auditors of the Company will perform an annual review of the terms of continuing connected transactions under the New Supply Framework Agreement to confirm that the transactions entered into are in the ordinary and usual course of business of the Group, on normal commercial terms, in accordance with the terms set out in the New Supply Framework Agreement on terms that are fair and reasonable and in the interests of the Shareholders as a whole, and in accordance with the pricing policy of the Company, and will confirm so each year in the annual report published by the Company, and (iii) the Company will provide additional training on a regular basis to the Directors and the senior management of the Company on the requirements and updates on the regulatory regime regarding connected transactions.

In assessing whether the above internal control measures are put in place and effectively implemented, we have obtained and reviewed the quarterly summary report prepared by the Group regarding historical transaction amounts under the Existing Supply Framework Agreement and noted that the actual transaction amounts were properly recorded and monitored to ensure that the annual caps were not exceeded.

Having considered the above, in particular (i) the ongoing monitoring of the transactions under the New Supply Framework Agreement; and (ii) the requirements under the Listing Rules for the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the transactions under the New Supply Framework Agreement and the proposed annual caps thereunder, we concur with the Directors that appropriate and adequate internal control procedures are in place to ensure that the transactions contemplated under the New Supply Framework Agreement will be appropriately monitored, thereby safeguarding the interests of the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the terms of New Supply Framework Agreement (including the proposed annual caps) are on normal commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. We also consider that the terms of the New Supply Framework Agreement (including the proposed annual caps) are fair and reasonable. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the New Supply Framework Agreement.

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited

Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.