

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OVERVIEW

As of the Latest Practicable Date, our Company was wholly owned by ClubMed BVI. ClubMed BVI was wholly owned by Fosun International, which was in turn held as to 72.86% by FHL, a wholly-owned subsidiary of FIHL. FIHL was held as to 85.29% by Mr. Guo Guangchang. Mr. Guo Guangchang also directly held Fosun International as to 0.01% as of the Latest Practicable Date. For details, see “History, Reorganization and Corporate Structure—Corporate Structure.”

Immediately following the completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no additional Shares are issued pursuant to the Pre-[REDACTED] Share Schemes, assuming that no core connected person will subscribe for the [REDACTED] under the [REDACTED]), Mr. Guo Guangchang, FIHL, FHL, Fosun International will, through ClubMed BVI, be entitled to exercise [REDACTED]% of the voting power at general meetings of our Company. Accordingly, each of Mr. Guo Guangchang, FIHL, FHL, Fosun International and ClubMed BVI will constitute a group of our Controlling Shareholders under the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their respective close associates upon [REDACTED].

Management Independence

Upon [REDACTED], our Board will comprise nine Directors, including three executive Directors, three non-executive Directors and three independent non-executive Directors. Out of the nine Directors, Mr. XU Xiaoliang, our executive Director and chairman of our Board, is also the executive director and co-chief executive officer of Fosun International. Further, Mr. PAN Donghui, our non-executive Director, also acts as an executive director of Fosun International. Save for Mr. Xu, two out of three executive directors and 11 other senior management members of the Company do not hold any senior management positions in the Fosun International Group excluding our Group (the “**Remaining Fosun International Group**”). See “Directors and Senior Management” for further details.

Our Directors are of the view that each of the Remaining Fosun International Group and our Group will be managed and will operate independently of each other in the interests of our respective shareholders as a whole on the following basis:

- (a) Since November 2022, Mr. Xu has been responsible for overseeing and managing the Happiness Segment (as defined and further described below) of Fosun International, of which our Group’s business formed a part prior to the Reorganization. In light of Mr. Xu’s experience and understanding of our business, it is in the best interests of our Company and its shareholders as a whole for Mr. Xu to continue his position in our Group after the Reorganization, as an executive Director and the chairman of the Board of our Company. Mr. Xu will devote sufficient time and efforts to the management and operation of our Group together with other members in our senior management, who will not hold any senior management position in and will be independent from the Remaining Fosun International Group.
- (b) Mr. Pan, as our non-executive Director, will not be involved in the day-to-day management and operation of our Group.

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- (c) Save for Mr. Xu, none of the executive Directors and senior management members of our Company will hold any senior management position in the Remaining Fosun International Group upon [REDACTED]. Mr. BAO Jiangjun, our executive Director and chief executive officer, and Mr. Stéphane Samuel MAQUAIRE, our executive Director and co-chief executive officer, together with other members of our senior management, will be able to devote sufficient time and efforts to management and daily operations of our Group and make decisions independent of the Remaining Fosun International Group. The majority of senior management members in our Group have been operating our business in management capacity for a substantial period of time, and hence have substantial working experience in the industries our Group is engaged in. Their familiarity with our Group’s business will therefore enable them to make business decisions that are in the best interests of our Group.
- (d) There will be three independent non-executive directors on the Board, who will provide independent oversight and independently monitor the formulation and implementation of major decisions of our Group based on their skills and qualifications and related professional experience.
- (e) Each of our Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she must act in good faith for the benefit of our Company as a whole, and avoid conflicts between his/her personal interests (and in Mr. Xu’s case, between his duties as a director of the Company and of Fosun International) and the interests of our Company. In the event that there is any actual or potential conflict of interest arising out of any transaction to be entered into between (a) the Remaining Fosun International Group or our Group and (b) any of the Directors or their respective close associates, the interested Directors shall abstain from voting at the relevant board meetings in respect of such transactions and shall not be counted in the quorum. In the event of any actual or potential conflict of interest between the Remaining Fosun International Group and our Group, Mr. Xu and Mr. Pan will abstain from voting on the relevant Board resolution and the other Directors will vote and decide on the matter.
- (f) Our Company will adopt a series of corporate governance measures to manage potential conflicts of interest, if any, between our Group and the Remaining Fosun International Group, which would enhance the independent management of our Group. See “—Competition with Our Controlling Shareholders—Corporate Governance Measures” for further details.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management are able to perform their managerial role in our Group independently of our Controlling Shareholders and their respective close associates after [REDACTED].

Operational Independence

Although our Controlling Shareholders will retain a controlling interest in our Company after [REDACTED], we have full rights to make all decisions regarding, and to carry out, our own business operations independently. Our Company (together with our subsidiaries) holds or enjoys the benefit of all licenses, qualifications, intellectual properties and permits necessary to carry on our business, and has sufficient capital, equipment, facilities, access to customers and suppliers, and employees to operate our business independently of our Controlling Shareholders and their respective close

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associates. We have also established a set of internal control measures and adopted corporate governance practices to facilitate the effective operation of our business.

Apart from the transaction set out in “Connected Transactions,” our Directors do not expect that there will be any significant transactions between our Group and our Controlling Shareholders or their respective close associates upon [REDACTED].

Based on the above, our Directors are satisfied that we will be able to operate independently of our Controlling Shareholders and their respective close associates after [REDACTED].

Financial Independence

We have an independent financial system and make financial decisions according to our own business needs. We have our own accounting and finance department with a team of independent financial staff responsible for discharging the treasury function, and an Audit Committee comprising solely of non-executive Directors to oversee our accounting and financial reporting processes. We make tax registration and pay tax independently with our own funds. As such, our financial functions, such as cash and accounting management, invoices and bills, operate independently of our Controlling Shareholders and their respective close associates.

We have independent access to third-party financing and our Directors believe that, if necessary, we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders or their respective close associates. Hence, we do not rely on our Controlling Shareholders or their close associates to provide financial assistance to our Group. As of the Latest Practicable Date, there were no subsisting loans, guarantees or pledges provided by our Controlling Shareholders or their respective close associates to our Group.

Based on the above, our Directors believe that we will be able to maintain financial independence from our Controlling Shareholders and their respective close associates after [REDACTED].

COMPETITION WITH OUR CONTROLLING SHAREHOLDERS

Delineation of Business

Fosun International is a global innovation-driven consumer group with mission to provide high-quality products and services for families around the world. It is principally engaged in four business segments including (1) health; (2) happiness (the “**Happiness Segment**”); (3) wealth; and (4) intelligent manufacturing. The Happiness Segment comprises two principal business categories, namely brand consumer (which includes primarily the operation of consumer product brands), and tourism and leisure (which includes our Group’s business (namely, Club Med resort operations and vacation scenario services), the operation of Atlantis Sanya (a one-stop tourism destination in the process of being spun off for a separate listing by way of REIT in China) and property development and sale).

It is our Group’s strategy to operate our business in a capital efficient manner, as a service provider leveraging the operational expertise, customer experience management and vacation facility operation capabilities accumulated from the operation of Club Med resorts. Hence, our business represents the operation- and service-driven part of the tourism and leisure business within the Happiness Segment, focusing on Club Med resort operation and complemented by vacation scenario

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services. See “Business—Our Principal Business Activities” for further details. We have excluded businesses from the Happiness Segment that are either not relevant to tourism and leisure operation or the provision of such experience (as in the case of the brand consumer business and the property development and sale business) or already pursuing another separate listing (in the case of Atlantis Sanya).

The fundamental basis of delineation between our Group and the Remaining Fosun International Group is as follows:

- **We provide operational and management services for resorts, which the Remaining Fosun International Group does not.**

Our Group owns the “Club Med” brand and our Group is the Fosun International Group’s sole platform for resort operations and management. The Remaining Fosun International Group does not engage in any resort operations and management. In other words, our Group delivers hospitality operations, while the Remaining Fosun International Group focuses on property development, asset ownership and brand consumer businesses.

As disclosed in the “Connected Transactions,” we will provide management and operation services to Fosun International and its associates in respect of Club Med resorts owned by them after the [REDACTED]. We do not own the underlying properties of these resorts, which is consistent with our strategy to operate our business in a more capital efficient manner by focusing our business on operational expertise and customer experience management capabilities, rather than ownership of capital intensive underlying assets. Among the 69 Club Med resorts managed by our Group as of the Latest Practicable Date, five resorts, namely Club Med Urban Oasis Taicang, Club Med Lijiang, Club Med Urban Oasis Nanjing Xianlin, Club Med Kiroro Grand and Club Med Kiroro Peak, are owned by the Remaining Fosun International Group. The financial contribution of these five resorts to our Group is insignificant.

The Remaining Fosun International Group has no involvement in any management of the aforesaid Club Med resorts. Such structure is standard in the global hospitality industry, where market players operate under arrangements where property ownership and resort management are functionally separated. As such, the clear business delineation between our Group and the Remaining Fosun International Group will not be affected by the retention of property ownership of a limited number of Club Med resorts by the Remaining Fosun International Group.

In line with our capital efficient operation strategy, we have excluded Atlantis Sanya from our business. The Remaining Fosun International Group will continue to hold interest in Atlantis Sanya after the completion of its spin-off. Nevertheless, the clear business delineation between our Group and the Remaining Fosun International Group will not be affected as (i) Atlantis Sanya is operated under the “Atlantis” brand instead of “Club Med” brand, which limits any operational synergies with our Group. In addition, Atlantis Sanya’s daily operation is undertaken by an Independent Third Party which is also the brand owner of “Atlantis,” while the Remaining Fosun International Group is responsible for overseeing and managing the operation; (ii) Atlantis Sanya’s value is driven primarily by its underlying real estate and asset ownership, whereas our Group focuses on operation- and service-driven resort operation business; and (iii) Atlantis Sanya is pursuing a separate listing by way of REIT on the Shanghai Stock Exchange and the business will be disposed

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to a fund managed by an independent fund manager, after which Atlantis Sanya will no longer be consolidated in the Fosun International Group.

- **Our vacation scenario services are distinguishable from the service offering of Remaining Fosun International Group**

The operation and ownership separation applies similarly to our vacation scenario services segment. In each case, our Group provides operation and management expertise to tourism related projects without owning the underlying assets. The role of the Remaining Fosun International Group (where applicable) is limited to property ownership. An example is the vacation facility where we provide management and operation services to Fosun International and its associates after the [REDACTED], as disclosed in “Connected Transactions.”

Furthermore, the Cultural-Tourism Complexes that we provide integrated management services for under the “HiSphere” brand are also distinguished from retail malls within the Remaining Fosun International Group. As further detailed in “Business,” HiSphere is designed as an indoor cultural-tourism complex brand that integrates cultural elements, theme park facilities, shopping, experiential consumption and tourism offerings, with an emphasis on immersive multi-sensory experiences.

Save for the above, the other service offering of the Remaining Fosun International Group under the Happiness Segment (such as the brand consumer business) is unrelated to tourism and leisure operation.

Based on the above, there is a clear delineation of business between our Group and the Remaining Fosun International Group and our Directors are of the view that the business of the Remaining Fosun International Group does not compete and is unlikely to compete, directly or indirectly, with our Group’s business. In addition, our Controlling Shareholders confirm that, as of the Latest Practicable Date, none of them or their close associates have any interest in a business apart from the business of our Group which competes or is likely to compete, whether directly or indirectly, with our business, that would require disclosure under Rule 8.10(1) of the Listing Rules.

Non-competition Undertaking

Notwithstanding that there is clear delineation between the business of our Group and Fosun International as set forth above, Fosun International [has provided] a non-competition undertaking (the “**Non-Competition Undertaking**”) in favor of our Company to ensure that competition does not develop between us and its business interests. Pursuant to the Non-Competition Undertaking, Fosun International shall not, and shall use its commercially reasonable efforts to procure its controlled entities (except for our Company and our subsidiaries) not to, except through our Group, engage in any business that competes with our principal businesses (the “**Restricted Businesses**”).

The above restrictions do not prohibit Fosun International and its controlled entities (except for our Company and our subsidiaries) from (a) holding any shares or equity interests in any companies or entities that conduct or engage in any Restricted Business through our Group; and (b) holding any non-controlling interests in any companies or entities that conduct or engage in any Restricted Business.

Option for New Business Opportunities

Fosun International has also undertaken in the Non-Competition Undertaking that if it or its controlled entities (except for our Company and our subsidiaries) (each an “**Offeror**”) become aware of,

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notice, are recommended or provided with a new business opportunity which will directly or indirectly compete or is likely to compete with the Restricted Businesses, including but not limited to the opportunities which are the same or similar to the Restricted Businesses (the “**New Business Opportunities**”), it will and will use its best endeavors to procure the Offeror to refer or recommend the New Business Opportunities to our Company, subject to relevant laws, regulations and contractual arrangements with third parties, in the following manner. Where the Offeror is listed on any stock exchange, the implementation of the foregoing arrangements shall be subject to compliance by such Offeror and its directors with applicable laws, regulations and listing rules.

- (a) The Offeror will provide us with a written notice (the “**Offer Notice**”) setting out all reasonable and necessary information known by him/her/it in relation to the New Business Opportunities (including but not limited to their nature and their investment or acquisition cost), for us to consider (i) whether the New Business Opportunities constitute competition or potential competition with the Restricted Businesses and (ii) whether taking up such New Business Opportunities would be in the interests of our Company and our Shareholders as a whole.
- (b) Upon receipt of the Offer Notice, our Directors who do not have a material interest in the New Business Opportunities will consider whether to pursue such opportunity. In assessing whether or not to pursue such opportunity, the Directors who do not have a material interest in the New Business Opportunities will consider all factors they consider relevant, including feasibility studies, estimated profitability, market, commercial and counterparty risks, compliance with our business strategy, financial resources available to us and the qualifications and/or eligibility we have at that time, as well as any relevant legal, regulatory and contractual requirements. We will, as soon as practicable and in any case within 30 business days from the receipt of the Offer Notice, notify the Offeror in writing of our intention to pursue or decline the New Business Opportunity.
- (c) If we determine to take up the New Business Opportunities, the Offeror will be obliged to offer such New Business Opportunities to us and will use his/her/its best endeavors to assist us to acquire such New Business Opportunities with the same or more preferential terms and conditions. When the Offeror (i) has received our notice to reject the New Business Opportunities, or (ii) has not received the relevant notice from our Company within the period as stated in paragraph (b) above, he/she/it will be entitled to take up or appoint third-party operators to take up the New Business Opportunities on terms and conditions not more favorable than those specified in the Offer Notice, provided that in any event Fosun International will not manage or operate any resorts or hotels itself.
- (d) If there is a material change in the terms and conditions of the New Business Opportunities from those specified in the Offer Notice, the Offeror will refer or recommend the New Business Opportunities as revised to us in the same manner as stated above.

Fosun International’s further undertaking

Fosun International has also undertaken that:

- (a) upon our request, it will, and will use its best endeavors to procure its controlled entities (except for our Company and our subsidiaries) to, provide us (including our Directors) all necessary information in their possession for the implementation of the Non-competition Undertaking;

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- (b) it will, and will use its best commercially reasonable efforts to procure its controlled entities (except for our Company and our subsidiaries) to, allow our authorized representatives and our auditors to have reasonable access to its business, financial and/or corporate records as may be necessary for our Directors to determine whether it has complied with the Non-competition Undertaking;
- (c) in the event that there is disagreement on whether a certain business engaged or proposed to be engaged by Fosun International or its controlled entities (except for our Company and our subsidiaries) constitutes a Restricted Business, such matter will be decided by our Directors who do not have a material interest in the New Business Opportunities and the decision thereof shall be final and binding; and
- (d) in the event of any actual or potential conflict of interests, Fosun International will abstain from voting in any Shareholders’ meeting and the Directors with material interests will not be counted towards the quorum of any Board meeting.

Our Company will disclose the compliance with and enforcement of the Non-Competition Undertaking in the annual reports of our Company.

Termination of the Non-competition Undertaking

The Non-competition Undertaking will become effective upon [REDACTED] and will terminate upon the earlier of:

- (a) our Shares ceasing to be [REDACTED] on the Stock Exchange (except for temporary suspension of trading); or
- (b) Fosun International ceasing to be regarded as a controlling shareholder of our Company under the Listing Rules.

Corporate Governance Measures

Our Company will comply with the provisions of the Corporate Governance Code in Appendix C1 to the Listing Rules, which sets out principles of good corporate governance.

In order to further safeguard the interests of our Shareholders, we will adopt the following corporate governance measures to manage any potential conflicts of interest with our Controlling Shareholders and their respective close associates:

- (a) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, subject to certain exceptions, 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 other proposal in which he or any of his close associate(s) (or, if required by the Listing Rules, his other associates) has a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum for such resolution;
- (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

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- (c) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe 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 judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. See “Directors and Senior Management–Directors–Independent Non-executive Directors”;
- (d) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other hand, our Controlling Shareholders and/or our Directors 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 through our annual report or by way of announcements; and
- (e) we have appointed Somerley Capital Limited as our compliance advisor, which 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.