

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

INTRODUCTION

Overview

We are a one-stop beauty and health management service provider covering traditional beauty services, aesthetic medical services as well as subhealth assessment and intervention services that are all personalized to our clients' desire to stay beautiful and healthy.

Our Company was incorporated on February 10, 2022 in the Cayman Islands as an exempted company with limited liability and is a holding company of our Group. Our history can be dated back to July 1993 when our first store was established in Hainan province. Ms. Wang founded our Group upon the Group's establishment and our executive Director and chairman of our Board, Mr. Li, joined the Group in January 2003 and led the operations and management of our Group together with Ms. Wang.¹ For more details of the experience and qualifications of Mr. Li, see "Directors and Senior Management" in this document.

Business Milestones

The following table illustrates the key milestones of our business and corporate developments:

<u>Time</u>	<u>Milestone</u>
1993	Our first store was established in Hainan province.
1998	Shanghai Beauty Farm Development, a non-wholly owned subsidiary of the Company was incorporated in July and our headquarters was relocated to Shanghai.
2004	Shanghai Beauty Farm, the principal operating subsidiary of the Group, was incorporated in the PRC with limited liability in April.
2005	We established BeautyFarm Training Center (美麗田園培訓中心) in Shanghai in December.
2010	We initiated preparation for our first store offering energy based and injection services, the store was formally launched in 2011.

¹ Ms. WANG Li is the late-wife of Mr. Li.

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Time	Milestone
2013	Beijing Xinyu (an entity ultimately controlled by CITIC PE) completed their investment in Shanghai Beauty Farm in December.
2016	We engaged in the strategic investment in "Palaispa" (貝黎詩) in November.
2018	We launched our online customer relationship management ("CRM") platform in March in order to further enhance user experience across our entire platform. We launched our first healthcare center under the "Neology" (研源) brand in Shanghai in April.

OUR PRINCIPAL SUBSIDIARIES

As of the Latest Practicable Date, we had four subsidiaries which we regard as our principal subsidiaries in terms of contribution to our business and financial performance during the Track Record Period. The following sets forth details of our principal subsidiaries through which we conduct our principal businesses:

Name (Place of incorporation)	Date of incorporation	Principal business	Registered capital (ownership by the Group)
Shanghai Beauty Farm (PRC)	April 23, 2004	Health consultation (excluding diagnosis), sale of cosmetics, daily necessities	RMB102,040,816 (wholly-owned by the Group)
Shanghai Beauty Farm Development Co., Ltd. (上海美麗田園美容發展有限公司, "Shanghai Beauty Farm Development") (PRC)	July 24, 1998	Lifestyle cosmetic services, personal image design services, sale of cosmetics and daily necessities, personal fitness services	RMB5,000,000 (owned by the Group as to approximately 96% of its registered capital)
Shanghai Yigao Industrial Co., Ltd. (上海逸高實業有限公司, "Shanghai Yigao") (PRC)	July 26, 2010	Sale of cosmetics	RMB1,000,000 (wholly-owned by the Group)
Shanghai Xiukeer Clinic Co., Ltd. (上海秀可兒門診部有限公司, "Shanghai Xiukeer") (PRC)	November 30, 2017	Medical, medical cosmetic and lifestyle cosmetic services	RMB30,000,000 (wholly-owned by the Group)

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CORPORATE DEVELOPMENT

The Company

The Company was incorporated on February 10, 2022 as an exempted company with limited liability. The shareholders of Shanghai Beauty Farm acquired Shares in the Company in proportion to their see-through interest in Shanghai Beauty Farm at the time of the incorporation of the Company (through their interest in the British Virgin Islands entities that are the immediate shareholders of the Company). It was contemplated that Beijing Xinyu's interest in the Company would be held by an offshore entity upon its completion of the relevant overseas direct investment regulatory approval procedures, and hence Shares attributable to its equity interest in Shanghai Beauty Farm prior to the Reorganization were allotted to BVI Xinyu Meiye upon its completion of the relevant overseas direct investment regulatory approval procedures. For further details, please refer to the paragraph headed "Reorganization" below.

On March 11, 2022, ZYLot Holdings Limited also completed a RMB3,975,759 investment in our Company for 0.2% of the Company's issued share capital upon completion of the Reorganization. For further details, please refer to the paragraph headed "Pre-[REDACTED] Investments" below.

Upon completion of the Reorganization, Pre-[REDACTED] Investment and issuance of Shares pursuant to the Share Incentive Plan, the shareholding structure of the Company was as follows:

Shareholder	Shares	Shareholding Interest
LIY Holdings ⁽¹⁾	1,000,000	0.97%
LIY Management ⁽¹⁾	17,780,000	17.25%
LIFY Management ⁽¹⁾	21,200,000	20.56%
Meiyao Holdings ⁽¹⁾	17,510,000	16.98%
BVI Xinyu Meiye	37,040,000	35.93%
Crest Sail Limited	3,650,000	3.54%
Thriving Team Limited	3,092,784	3.00%
IGHL	1,620,000	1.57%
ZYLot Holdings Limited	200,000	0.19%
Total	103,092,784	100.00%

Note:

(1) Denotes a Controlling Shareholder.

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Shanghai Beauty Farm

Shanghai Beauty Farm was established in the PRC on April 23, 2004 with an initial registered capital of RMB4,000,000. The shareholding structure of Shanghai Beauty Farm upon establishment is set forth in the table below:

<u>Shareholder</u>	<u>Registered Capital</u>	<u>Equity Interest</u>
	(RMB)	
Ms. Wang ⁽¹⁾	3,570,000	89.25%
MA Xiang (馬祥)	80,000	2.00%
ZHU Jianshe (朱建設)	80,000	2.00%
YANG Jizhan (楊繼戰)	60,000	1.50%
BAO Weiqing (包衛青) ⁽²⁾	60,000	1.50%
YAN Zhen (言真) ⁽³⁾	60,000	1.50%
ZHANG Hongxia (張紅霞)	40,000	1.00%
LIU Min (劉敏)	40,000	1.00%
ZHANG Ying (張穎)	10,000	0.25%
Total	4,000,000	100.00%

Notes:

- (1) Ms. Wang's entire interest in the registered capital of Shanghai Beauty Farm was transferred to Mr. Li on August 20, 2006, Mr. Li further transferred 25% of the equity interest in Shanghai Beauty Farm to Ms. Li on July 15, 2010. The transfers were made as part of their family arrangement.
- (2) BAO Weiqing is the supervisor of Shanghai Beauty Farm.
- (3) YAN Zhen is a director of Shenzhen Qiyan Medical Beauty Clinic (深圳啟研醫療美容診所), our subsidiary.
- (4) The other than shareholders of Shanghai Beauty Farm were employees and former employees of the Group.

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Equity Transaction and Introduction of CITIC PE as a Shareholder

Between May 26, 2005 and September 25, 2013, the then shareholders of Shanghai Beauty Farm entered into a series of equity transfer to transfer certain equity interest of Shanghai Beauty Farm to then employees of the Group. Subsequently, pursuant to a shareholder resolution dated December 20, 2013, the then shareholders of Shanghai Beauty Farm transferred an aggregate of RMB2,500,000 in registered capital of Shanghai Beauty Farm (representing approximately 62.50% of the entire registered capital of the Company at the time) to Beijing Xinyu (formerly known as Beijing CITIC Investment Center (Limited Partnership)), a limited partnership ultimately controlled by CITIC PE for a total consideration of RMB231,250,000. The consideration was determined based on arm's length negotiations amongst the parties based on their due diligence at the relevant time. The details of the transfer is set out below:

<u>Transferor</u>	<u>Registered Capital Transferred</u>	<u>Corresponding Equity Interest in the Company</u>	<u>Consideration</u>
	(RMB)		(RMB)
Mr. Li	2,082,000	52.05%	192,585,000
MA Xiang (馬祥)	80,000	2.00%	7,400,000
YAN Zhen (言真)	48,000	1.20%	4,440,000
BAO Weiqing (包衛青)	48,000	1.20%	4,440,000
YANG Jizhan (楊繼戰)	40,000	1.00%	3,700,000
LI Gang (李剛)	40,000	1.00%	3,700,000
ZHANG Hongxia (張紅霞)	40,000	1.00%	3,700,000
ZHU Jianshe (朱建設)	40,000	1.00%	3,700,000
WANG Zhenning (王振寧)	28,000	0.70%	2,590,000
XU Lin (胥琳)	22,000	0.55%	2,035,000
FU Zhenyu (符振宇)	22,000	0.55%	2,035,000
ZHANG Ying (張穎)	10,000	0.25%	925,000

For further details of the investment by Beijing Xinyu, see "— Pre-[REDACTED] Investments" in this section. Each of the individual shareholders of Shanghai Beauty Farm as set forth herein are either employees or former employees of the Group.

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Upon completion of the abovementioned transfer of our registered capital on December 20, 2013, the shareholding structure of Shanghai Beauty Farm was as follows:

Shareholder	Registered Capital	Equity Interest
	(RMB)	
Beijing Xinyu	2,500,000	62.50%
Ms. Li	760,000	19.00%
Mr. Li	408,000	10.20%
Shanghai Changcheng ⁽¹⁾	240,000	6.00%
YANG Jizhan (楊繼戰)	20,000	0.50%
HA Xiaolei (哈小蕾)	20,000	0.50%
BAO Weiqing (包衛青)	12,000	0.30%
WANG Zhenning (王振寧)	12,000	0.30%
YAN Zhen (言真)	12,000	0.30%
XU Lin (胥琳)	8,000	0.20%
FU Zhenyu (符振宇)	8,000	0.20%
Total	4,000,000	100.00%

Note:

- (1) Shanghai Changcheng became a shareholder of Shanghai Beauty Farm on September 27, 2013 when Ms. Li transferred 6% of the equity interest in Shanghai Beauty Farm to Shanghai Changcheng. Shanghai Changcheng is wholly-owned by Ms. Li.

First Capital Increase by Way of Equity Swap and Equity Transfers

On June 30, 2015, Henan Meiyao Enterprise Management Consulting Co., Ltd. (河南美耀企業管理諮詢有限公司) (“**Henan Meiyao**”) entered into an equity swap agreement, pursuant to which it agreed to inject 49% of the equity interest of each of Shanghai Meiju Medical Technology Development Co., Ltd. (上海美聚醫療科技發展有限公司) (“**Shanghai Meiju**”) and Shanghai Ouhua Medical Beauty Clinic Co., Ltd. (上海歐華醫療美容門診部有限公司) (“**Shanghai Ouhua**”) to Shanghai Beauty Farm in subscription for RMB672,887 in registered capital of Shanghai Beauty Farm. Prior to the equity swap, each of Shanghai Meiju and Shanghai Ouhua was held as to 51% by Shanghai Beauty Farm and 49% by Henan Meiyao, respectively. The terms of the equity swap was determined based on arm’s length negotiation between Shanghai Beauty Farm and Henan Meiyao, with reference to the valuation of Shanghai Meiju and Shanghai Ouhua at the time based on a valuation report prepared by an independent valuer. The capital increase was completed in December 2015 and each of Shanghai Meiju and Shanghai Ouhua became wholly-owned subsidiary of Shanghai Beauty Farm.

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Mr. Li also effected the following equity transfer between September 2015 and November 2017:

Transferor	Transferee	Transaction Date	Registered Capital Transferred	Corresponding Equity Interest in the Company	Consideration
			(RMB)		(RMB)
Mr. Li	JIN Bingmei (金冰梅) ⁽¹⁾	September 1, 2015	8,000	0.20% ⁽²⁾	8,000
Mr. Li	JIN Bingmei (金冰梅)	August 1, 2016	8,000	0.17%	8,000
Mr. Li	Shanghai Youyi ⁽³⁾	October 26, 2017	24,000	0.51%	2,465,300

Notes:

- (1) JIN Bingmei was a former employee of the Group.
- (2) The equity interest percentage assumes completion of the capital increase by Henan Meiyao in December 2015.
- (3) Shanghai Youyi is a limited partnership established in the PRC and is an employee incentive platform of our Company. Mr. Li, a Controlling Shareholder serves as Shanghai Youyi's general partner.

Upon completion of the abovementioned transactions, the shareholding structure of Shanghai Beauty Farm was as follows:

Shareholder	Registered Capital	Equity Interest
	(RMB)	
Beijing Xinyu	2,500,000	53.50%
Ms. Li	760,000	16.26%
Henan Meiyao ⁽¹⁾	672,887	14.40%
Mr. Li	368,000	7.87%
Shanghai Changcheng	240,000	5.14%
Shanghai Youyi	24,000	0.51%
YANG Jizhan (楊繼戰)	20,000	0.43%
HA Xiaolei (哈小蕾)	20,000	0.43%
JIN Bingmei (金冰梅)	16,000	0.34%
BAO Weiqing (包衛青)	12,000	0.26%
WANG Zhenning (王振寧)	12,000	0.26%
YAN Zhen (言真)	12,000	0.26%
XU Lin (胥琳)	8,000	0.17%
FU Zhenyu (符振宇)	8,000	0.17%
Total	4,672,887	100.00%

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Note:

- (1) Henan Meiyao first became acquainted with the Group at the time of the equity swap, and Henan Meiyao was owned by Cui Yuanjun, Niu Guifen and Yuan Huimin. Mr. Lian, our executive Director, is the son of Niu Guifen, and Cui Yuanjun and Yuan Huimin are his business partners. Niu Guifen is currently 74 years old and has retired. Cui Yuanjun and Yuan Huimin both received medical related education and training, and have worked in the medical industry upon completion of their education. Cui Yuanjun and Yuan Huimin are employed by hospitals in the PRC and their job duties are procurement of medical devices and provision of examination services, respectively. Each of Cui Yuanjun, Niu Guifen and Yuan Huimin has not participated in the operations and management of our Group and were only involved in Henan Meiyao in their capacity as investors. Mr. Lian also became a shareholder of Henan Meiyao by way of capital injection to Henan Meiyao in August 2018.

Second Capital Increase and Equity Transfer

Pursuant to a shareholder resolution dated November 1, 2017, Shanghai Beauty Farm agreed to further increase its registered capital by RMB34,370 to RMB4,707,257. The increase in registered capital was to be subscribed by Shanghai Youyi, a onshore employee shareholding platform of Shanghai Beauty Farm, in November 2017.

Subsequent to the capital increase, Beijing Xinyu agreed to transfer RMB753,161 in the registered capital of Shanghai Beauty Farm (representing 16.00% of Shanghai Beauty Farm's registered capital after completion of the aforementioned capital increase) to Kaiping Youyi Enterprise Management Consulting Co., Ltd. (開平市優羿企業管理諮詢有限公司, "**Kaiping Youyi**") for a total consideration of RMB395,000,000 on October 1, 2018. Kaiping Youyi was a company incorporated in the PRC and was controlled by Mr. Li. The consideration was determined based on arm's length negotiations between the parties, taking into account a control premium upon obtaining control of Shanghai Beauty Farm upon completion of the transaction. Kaiping Youyi further transferred the registered capital of RMB753,161 to Shanghai Chengyun at nil consideration on February 28, 2019.

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Upon completion of the aforementioned transactions, the shareholding structure of Shanghai Beauty Farm was as follows:

Shareholder	Registered Capital	Equity Interest
	(RMB)	
Ms. Li ⁽¹⁾	760,000	16.15%
Shanghai Chengyun ⁽¹⁾	753,161	16.00%
Henan Meiyao ⁽¹⁾	672,887	14.29%
Mr. Li ⁽¹⁾	368,000	7.82%
Shanghai Changcheng ⁽¹⁾	240,000	5.10%
Shanghai Youyi ⁽¹⁾	58,370	1.24%
Beijing Xinyu	1,746,839	37.11%
YANG Jizhan (楊繼戰)	20,000	0.42%
HA Xiaolei (哈小蕾)	20,000	0.42%
JIN Bingmei (金冰梅)	16,000	0.34%
BAO Weiqing (包衛青)	12,000	0.25%
WANG Zhenning (王振寧)	12,000	0.25%
YAN Zhen (言真)	12,000	0.25%
XU Lin (胥琳)	8,000	0.17%
FU Zhenyu (符振宇)	8,000	0.17%
Total	4,707,257	100.00%

Note:

- (1) Denotes individuals who are Controlling Shareholders or entities which are ultimately controlled by a Controlling Shareholder.

Pursuant to the Reorganization, the equity interest in Shanghai Beauty Farm and other subsidiaries of the Group (other than the entities subject to the Contractual Arrangement) were transferred to Shanghai Aiyumei and became indirect subsidiaries of the Company on March 10, 2022. For further details, please refer to the paragraph headed "Reorganization" below.

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Other Principal Subsidiaries

Shanghai Beauty Farm Development was incorporated on July 24, 1998. Shanghai Beauty Farm Development has been under the control and ownership of Mr. Li since September 2004 and became a wholly-owned subsidiary of the Shanghai Beauty Farm in January 2010. On June 5, 2020, Shanghai Beauty Farm transferred 10% of the equity interest in Shanghai Beauty Farm Development to Shanghai Qibeixu Commercial Management Partnership (Limited Partnership) (上海啟貝旭商業管理合夥企業(有限合夥), "Shanghai Qibeixu") for nil consideration. Shanghai Qibeixu is an employee incentive platform established by our Group. Its general partner, Shanghai Yingsong Enterprise Management Co., Ltd. (上海縈松企業管理有限公司), is a wholly-owned subsidiary of Shanghai Beauty Farm and its largest limited partner holding 57.88% of the partnership interest in Shanghai Qibeixu, Shanghai Ranyou Enterprise Management Co., Ltd. (上海冉優企業管理有限公司), is also a wholly-owned subsidiary of the Company. Shanghai Qibeixu has 35 other limited partners who are all employees and former employees of the Group based in the Shanghai and East China region, each holding between 0.49% to 5.11% of the partnership's interest. Shanghai Beauty Farm Development is therefore regarded as a non-wholly owned subsidiary of the Group.

Shanghai Yigao was incorporated on July 26, 2010 and has been a wholly-owned subsidiary of the Group since its inception and serves as a operational subsidiary engaging in Group-wide businesses such as procurement of supplies for the Group.

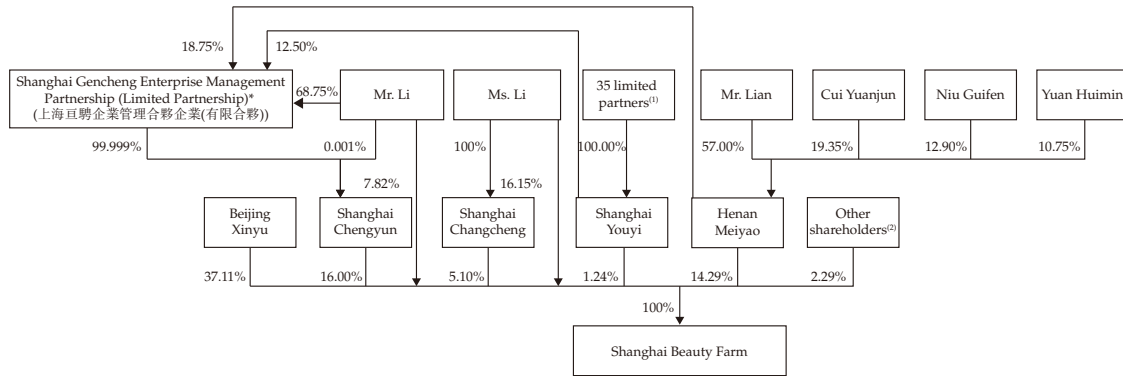
Shanghai Xiukeer was incorporated on November 30, 2017 and was a wholly owned subsidiary of the Group at the time of its inception. On January 29, 2022, as part of our reorganization and establishment of the Contractual Arrangement, Hainan Meirui International Medical and Health Industry Co., Ltd. (海南美瑞國際醫療健康產業有限公司), a wholly owned subsidiary of the Group, transfer 70% and 30% of the equity interest in Shanghai Xiukeer to Shanghai Meiju Medical Technology Development Co., Ltd. (上海美聚醫療科技發展有限公司, "Shanghai Meiju") and Shanghai Liernuo, respectively. Shanghai Meiju is a wholly-owned subsidiary of the Group and we control Shanghai Liernuo through the Contractual Arrangement. Please refer to the section headed "Contractual Arrangements" in this document for details.

Our PRC Legal Advisers have confirmed that the change in share capital of our principal subsidiaries as set forth above have been properly and legally completed and all regulatory approval has been obtained in accordance with the PRC laws and regulations.

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REORGANIZATION

Prior to the reorganization of the Group (the “**Reorganization**”), Shanghai Beauty Farm was the holding company of the Group, the following chart sets forth the simplified corporate structure of the Group prior to the Reorganization:



Notes:

- (1) The 35 limited partners of Shanghai Youyi are current or former employees of the Group, including our Directors, Mr. Li, Mr. Lian and our senior management, Ms. Zhou Min, holding 11.90%, 7.72% and 10.80% of the interest in Shanghai Youyi, respectively.
- (2) Shanghai Beauty Farm has 8 other shareholders, such shareholders are current or former employees of the Group and each holds less than 0.5% of Shanghai Beauty Farm’s registered capital prior to the Reorganization. As part of the Reorganization, their interest in Shanghai Beauty Farm are reflected in their respective interest in IGHIL and Crest Sail Limited.

Step 1: Establishment of offshore corporate structure and introduction of foreign investor to Shanghai Beauty Farm

On February 10, 2022, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. Our Company then established Beauty Farm Medical and Health Industry Limited, a wholly owned subsidiary incorporated in Hong Kong with limited liability on February 22, 2022 and Shanghai Aiyumei, a wholly foreign owned enterprise and a subsidiary of the Company in the PRC on March 10, 2022. Upon the incorporation of our Company, then shareholders of Shanghai Beauty Farm, through companies incorporated in the British Virgin Islands and controlled by them, were issued Shares in the Company.

On February 18, 2022, Mr. Zang Ye (藏曄) subscribed for RMB2,040,816 in the registered capital of Shanghai Beauty Farm at a consideration of RMB3,970,755. Upon completion of the subscription, Shanghai Beauty Farm was converted into a sino-foreign joint venture entity. For details of the Pre-[REDACTED] Investment, please refer to the paragraphs headed “— Pre-[REDACTED] Investments” below in this section.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Step 2: Injection of the Shanghai Beauty Farm into the [REDACTED] Group

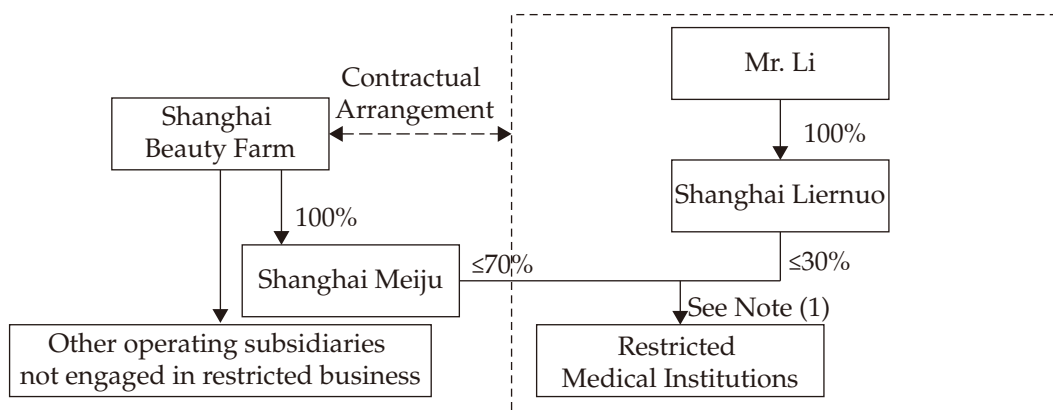
On March 10, 2022, the then shareholders of Shanghai Beauty Farm transferred their equity interest in Shanghai Beauty Farm to Shanghai Aiyumei for a cash consideration of RMB198,787,927. The consideration was determined on arm’s length with reference to the Company’s then valuation set forth in a valuation report prepared by an independent valuer.

Step 3: Establishment of Contractual Arrangement

As part of our Reorganization, part of the equity interest in the Restricted Medical Institutions, being businesses subject to foreign investment restrictions in the PRC, was transferred to Shanghai Liernuo. The interest was transferred to ensure that Shanghai Liernuo and other onshore shareholders of such Restricted Medical Institutions will hold at least 30% of the equity interest in each of the Medical Institutions.

On April 13, 2022, in order to comply with relevant foreign investment restrictions in the PRC and maintain effective control over the operation of Shanghai Liernuo, we established the Contractual Arrangement among Shanghai Beauty Farm, Shanghai Liernuo, Mr. Li, being the registered shareholder of Shanghai Liernuo and the Restricted Medical Institutions, being the operating entities of the foreign investment restricted business, providing our Group with effective control over, and to consolidate all economic benefits arising from Shanghai Liernuo into our Group. Please refer to the paragraph headed “— Our Structure Immediately Prior to the [REDACTED]” below in this section and the section headed “Contractual Arrangements” in this document for details.

Upon completion of the Contractual Arrangement, the onshore shareholding structure of our Group is as follows:



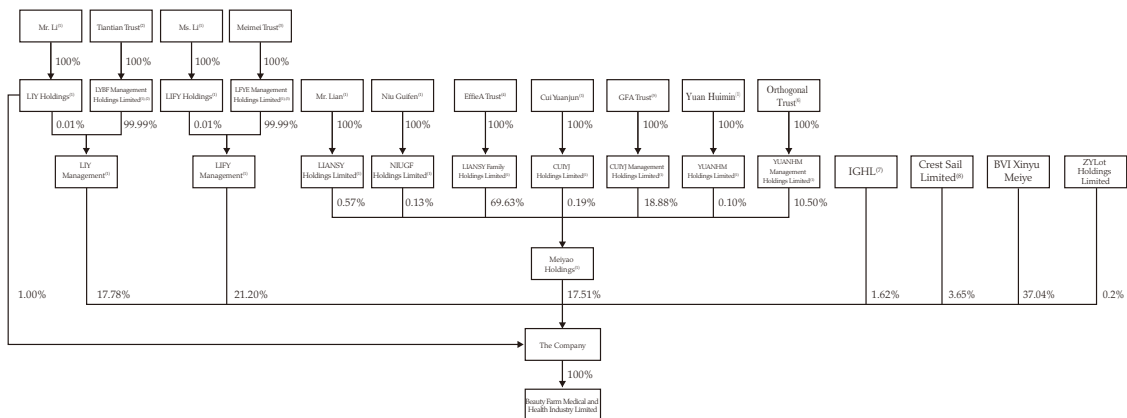
Note:

- (1) For details of our Restricted Medical Institutions, please refer to the section headed “Contractual Arrangements — Our Contractual Arrangements” in this document.

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Step 4: CITIC PE's acquisition of offshore interest

On April 21, 2022, BVI Xinyu Meiyue, a company incorporated in the British Virgin Islands and controlled by Beijing Xinyu through Shanghai Xinzhi Yuyuan Enterprise Management Partnership (Limited Partnership) (上海信致鈺遠企業管理合夥企業(有限合夥)), was issued and allotted 37,040,000 preferred shares in the Company at a consideration of RMB72,293,801 upon obtaining its overseas direct investment regulatory approval. Such preferred shares provide BVI Xinyu Meiyue with certain special rights, and will be automatically converted into ordinary Shares upon [REDACTED]. Immediately upon completion of the Share issuances and allotment, the offshore shareholding structure of our Group is as follows:



Notes:

- (1) Denotes parties that are Controlling Shareholders.
- (2) Tiantian Trust is a family trust established and controlled by its settlor Mr. Li.
- (3) Meimei Trust is a family trust established and controlled by its settlor Ms. Li.
- (4) EffieA Trust is a family trust established and controlled by its settlor Mr. Lian.
- (5) GFA Trust is a family trust established and controlled by its settlor Cui Yuanjun.
- (6) Orthogonal Trust is a family trust established and controlled by its settlor Yuan Huimin.
- (7) IGHL is an employee shareholding platform, for further details, please refer to the paragraph headed “— Employee Incentive Platform — IGHL” below in this section.
- (8) Crest Sail Limited is an employee shareholding platform, for further details, please refer to the paragraph headed “— Employee Incentive Platform — Crest Sail Limited” below in this section.

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DISPOSAL OF HAINAN QIYAN

Hainan Qiyán was established in the PRC on January 28, 2016. Immediately prior to the disposal by the Group on December 25, 2020, Hainan Qiyán was an indirect wholly-owned subsidiary of the Group, with a registered share capital of RMB20 million.

On December 25, 2020, Hainan Meirui International Medical and Health Industry Co., Ltd. (海南美瑞國際醫療健康產業有限公司), a wholly-owned subsidiary of the Company holding 100% equity interest in Hainan Qiyán, entered into an equity transfer agreement with Shanghai Qishi and Mr. Li as transferee receiving 99.999% and 0.001% of the equity interest in Hainan Qiyán, respectively. The consideration paid by Shanghai Qishi and Mr. Li was RMB19,999,800 and RMB200, respectively, the consideration was determined via arm's length negotiation taking into account the amount of the paid-up capital of Hainan Qiyán and valuation report prepared by an independent valuer. The disposal has been settled and completed on December 29, 2020 and upon completion of the disposal, the Group has ceased to hold any interest in Hainan Qiyán. The disposal was made as the business carried out by Hainan Qiyán was not directly related to the core service offerings of the Group and commits significant effort to innovative research and development, meaning that continuing on the business will require significant management attention to be placed on Hainan Qiyán's operations. We also consider that Hainan Qiyán's core focus on medical treatments based on innovative research, development and cooperation is different from the rest of our Group and the disposal will allow us to better focus on our other business. No gain on disposal was recognized by the Group as a result of the disposal. For more details on the background of Hainan Qiyán and the shareholders of Shanghai Qishi, please refer to the paragraphs headed "Relationship with our Controlling Shareholders — Delineation of Business — Excluded Business — Hainan Qiyán" in this document. As confirmed by our Directors, Hainan Qiyán has not been subject to any administrative penalty involving material non-compliance with the relevant and applicable PRC laws and regulations during the Track Record Period prior to the disposal.

According to the confirmation issued by the Qionghai Market Supervision and Administration Bureau on July 5, 2021, no record of Hainan Qiyán's violation of relevant laws and regulations was found in Hainan Market Supervision Comprehensive Business Management System during the Track Record Period prior to the disposal. According to the Notification of Results of Tax-related Information Inquiry provided by Qionghai Taxation Bureau of the State Administration of Taxation on July 12, 2021, after inquiring into the Golden Tax Phase III system, Hainan Qiyán has no tax evasion, tax resistance, or tax arrears and has not been subject to administrative penalties caused by tax-related incidents during the Track Record Period prior to the disposal. On November 16, 2021, the respective PRC Legal Advisors of Company and of the Joint Sponsors conducted an interview with the officer of the Bo'ao Lecheng Medical Tourism Pilot Area Administration ("**Lecheng Administration**"), the direct and competent supervision authority for business operations of Hainan Qiyán. Pursuant to the interview, Lecheng Administration confirmed that the business operation activities of Hainan Qiyán had been under its effective supervision and Hainan Qiyán had not been subject to any administrative punishment by Lecheng Administration due to violations of laws and regulations, nor had been in any violation of national and local laws and regulations on medical and health supervision. Based on the foregoing, the PRC Legal Advisors of Company are of the view that Hainan Qiyán complied with relevant PRC laws and regulations applicable to its operations in all material aspects during the Track Record Period prior to the disposal.

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We maintain certain continuing connected transactions with Hainan Qiyan, for further details of such transactions, see the section headed "Connected Transactions" in this document.

ACQUISITION OF BEIJING PALAISPA AND SHANGHAI LUANMEI

On November 18, 2021, Shanghai Beauty Farm entered into an equity transfer agreement for the acquisition of 12.345% interest in Beijing Palaispa Business Management Co., Ltd (北京貝黎詩商業管理有限公司, "**Beijing Palaispa**"), from 6 individual minority shareholders of Beijing Palaispa for a total consideration of RMB16.98 million. On December 31, 2021, Shanghai Beauty Farm further entered into an equity transfer agreement for an acquisition of 7.655% interest of Beijing Palaispa from Hu Zhenjiang (胡鎮江) for a consideration of RMB10.53 million. Each of the aforementioned former shareholders were Independent Third Party and the consideration was determined based on arm's length negotiation between the Group and the former shareholders. Beijing Palaispa was a non-wholly owned subsidiary of the Group prior to the transactions and immediately upon completion of the transactions, Beijing Palaispa was owned as to 90% and 10% by Shanghai Beauty Farm and Hu Zhenjiang (胡鎮江), respectively. Beijing Palaispa is a premium traditional beauty service provider which provides the services under the brand name "Palaispa" (貝黎詩).

On March 16, 2022, our Group completed the acquisition of the entire equity interest in Shanghai Luanmei E-Commerce Co., Ltd (上海樂美電子商務有限公司, "**Shanghai Luanmei**"), from Shanghai Purkang Data Technology (Group) Co., Ltd. (上海璞康數據科技(集團)有限公司, "**Shanghai Purkang**"), Jin Xiaobo (金曉波) and Ye Rongrong (葉蓉蓉) for a total consideration of RMB2.00 million. Shanghai Luanmei was a company incorporated in the PRC with limited liability and its primary business is the operation of a "flagship" online store for the brand "Babor" on Tmall (天貓商城). The consideration was determined based on arm's length negotiation between the Group and the vendors with reference to Shanghai Luanmei's registered share capital and net asset value at the time. The Group has made the acquisition in order to leverage on the online presence and sales channel operated by Shanghai Luanmei in relation to products under the "Babor" brand, the Group consider that this would create significant synergy with our offline operations as the "Babor" products are also currently used and is available for sale at the Group's stores and other facilities. Shanghai Purkang is beneficially owned by Yu Yong (于勇), who, along with Jin Xiaobo (金曉波) and Ye Rongrong (葉蓉蓉) are third party independent of the Group and its Controlling Shareholders.

Shanghai Luanmei was previously a subsidiary of the Group until April 2020 when Shanghai Yigao, an indirect wholly-owned subsidiary of the Company, sold off the entire equity interest in Shanghai Luanmei to Shanghai Purkang Industrial Co., Ltd. (上海璞康實業有限公司), for a consideration of RMB20.00 million. The consideration was determined based on arm's length negotiation between the parties taking into account the net asset value and registered share capital of Shanghai Luanmei at the time. The Group disposed of its equity interest in Shanghai Luanmei in April 2020 in hopes that the purchasers' experience in e-commerce will help promote and elevate the online presence of the "Babor" brand and enable the Group to leverage from the enhanced publicity. As part of the Company's ongoing evaluation of market conditions and records of associated brands,

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

the Company decided to re-acquire Shanghai Luanmei at a market price in March 2022 in order to grow and develop the potential of the "Babor" brand in-house. During the period when Shanghai Luanmei was held by the Independent Third Party shareholders, it undertook a reduction of registered share capital and its registered share capital was reduced from RMB20.00 million to RMB2.00 million. The Group has elected to re-acquire interest within Shanghai Luanmei in order to leverage on the online store operated by Shanghai Luanmei and the Group believes that the acquisition will enable additional synergy with the Group's offline operations.

ACQUISITION OF BUSINESS AND ASSETS FORMING STORES

During the Track Record Period, the Group also acquired six stores (as well as assets forming stores) from four independent third parties. These stores and assets are located in Taiyuan, Chengdu, Xi'an and Wuhan and each of these stores and assets were incorporated into the Group's national network of stores upon completion of the acquisition. The total consideration paid by the Group for the acquisitions were approximately RMB17.3 million. Please see note 36 of the Accountant's Report included in Appendix I to this document for further details of the acquisitions.

CONCERT PARTY ARRANGEMENT

Mr. Li, Ms. Li, Mr. Lian, Niu Guifen, Cui Yuanjun and Yuan Huimin have entered into a concert party agreement dated March 10, 2022 to confirm that they have acted in concert in the management, decision-making and all major decisions of our Group since the beginning of the Track Record Period and will continue to act in concert after [REDACTED]. The concert party agreement has confirmed that they have agreed to and shall procure Shares controlled by corporations or trusts under their control shall act in concert and reach consensus on any proposal presented to the general meeting of the Shareholders of our Company for voting. In the event they fail to reach such consensus, they will defer to the decision of Mr. Li.

As of the Latest Practicable Date, the Controlling Shareholders are entitled to exercise voting rights of approximately 55.77% of the total issued share capital of our Company. Immediately upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the Controlling Shareholders will be entitled to exercise voting rights of approximately [REDACTED]%. Therefore, Mr. Li, Ms. Li, Mr. Lian, Niu Guifen, Cui Yuanjun and Yuan Huimin, LIY Holdings, LYBF Management Holdings Limited, LIY Management, LIFY Holdings, LFYE Management Holdings Limited, LIFY Management, Meiyao Holdings, LIANSY Holdings Limited, NIUGF Holdings Limited, LIANSY Family Holdings Limited, CUIYJ Holdings Limited, CUIYJ Management Holdings Limited, YUANHM Holdings Limited, and YUANHM Management Holdings Limited are our Controlling Shareholders upon [REDACTED].

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

EMPLOYEE INCENTIVE PLATFORMS

In recognition of the contributions of our employees and to incentivize them to further promote our development, IGHL and Crest Sail Limited were established as our employee incentive platforms.

IGHL

IGHL is a company incorporated in the British Virgin Islands with limited liability. As of the Latest Practicable Date, IGHL has 7 shareholders, including Ms. ZHOU Min (our senior management), who holds 1 vote-bearing class A share in IGHL which represents 100% voting rights in IGHL, the other 6 shareholders of IGHL, each being employees of the Group all holds non-voting class B shares in IGHL. None of the shareholders are interested in over 30% of IGHL's total issued share capital.

Crest Sail Limited

Crest Sail Limited is a company incorporated in the British Virgin Islands with limited liability. As of the Latest Practicable Date, Crest Sail Limited is controlled by The Vantage Star Global Trust, a trust to which The Core Trust Company (an independent professional trustee) serves as trustee, the independent professional trustee controls the voting rights of Crest Sail Limited for the administration of the Vantage Star Global Trust. As of the Latest Practicable Date, The Vantage Star Global Trust has 33 beneficiaries, including Ms. ZHOU Min (our senior management) and 32 other current or former employees of our Group, and directly held approximately 3.54% equity interest in the Company, Ms. ZHOU Min is taken to be interested in 19.78% of the interest of The Vantage Star Global Trust. The settlor of The Vantage Star Global Trust is YouYi Holdings Limited, a special purpose vehicle ultimately owned by the initial beneficiaries of The Vantage Star Global Trust. Pursuant to the rule underlying the incentive platform, no beneficiaries will be entitled to exercise voting rights underlying the Shares until the Shares are vested to them and the trustee of The Vantage Star Global Trust will not exercise the voting rights underlying the shares held in the trust.

Share Incentive Plan

Our Company adopted the Share Incentive Plan on March 24, 2022, and 3,092,784 Shares were allotted to Thriving Team Limited who hold the Shares underlying the awards under the Share Incentive Plan. Thriving Team Limited is a company incorporated in the British Virgin Islands with limited liability. As of the Latest Practicable Date, Thriving Team Limited is controlled by Thriving Team Trust, a trust to which The Core Trust Company (an independent professional trustee) serves as trustee, the independent professional trustee controls the voting rights of Thriving Team Limited for the administration of the Thriving Team Trust. The Company is the settlor of the Thriving Team Trust and the employee-grantee under the Share Incentive Plan are the beneficiary under the Thriving Team Trust. Pursuant to the Share Incentive Plan, eligible participant under the Share Incentive Plan will include employees and officer of the Group but will not include any Directors or core connected person of the Group, no grantee will be entitled to exercise voting rights underlying the Shares awarded to them until the Shares

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are vested to them and the trustee of Thriving Team Trust will not exercise the voting rights underlying the shares held in the trust. For further details of the Share Incentive Plan, please refer to the paragraph headed "D. Share Incentive Plan — 1. 2022 Share Incentive Plan" in Appendix V to this document.

PRE-[REDACTED] INVESTMENTS

Details of the two Pre-[REDACTED] Investments related to the Group from (i) Beijing Xinyu and CITIC PE and (ii) Mr. Zang Ye are set forth below.

Beijing Xinyu is a Pre-[REDACTED] Investor of the Group, and became a shareholder of Shanghai Beauty Farm on December 20, 2013, for further details on the historical equity changes, please refer to "— Corporate Development — Equity Transaction and Introduction of CITIC PE as a Shareholder" and "— Reorganization — Step 4: CITIC PE's acquisition of offshore interest" in this section. Additional details on the Pre-[REDACTED] Investment is set forth below:

Date on which the investment was fully settled by the Pre-[REDACTED] Investors	December 26, 2013
Total consideration paid⁽¹⁾	RMB231,250,000
Approximate cost per Share paid⁽²⁾	RMB1.79
Discount to the [REDACTED]⁽³⁾	[REDACTED]%
Implied post-money valuation of the Company	RMB370,000,000
Lock-up Period	As BVI Xinyu Meiye holds over 30% of the Shares of the Company as of the date of this document and its shareholding is expected to decrease to below 30% upon completion of the [REDACTED], BVI Xinyu Meiye will be subject to a lock-up for a period of 6 months beginning from the [REDACTED].
Strategic benefits of the Pre-[REDACTED] Investors	Beijing Xinyu is a limited partnership ultimately controlled by CITIC PE, the investment from CITIC PE was introduced to provide us with professional support and advice in elevating the Company's operation and management systems, introducing market insights and experience through their other investments.

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Rights of BVI Xinyu Meiye

The Shareholders of the Company entered into a shareholders' agreement pursuant to which BVI Xinyu Meiye was granted with customary special rights, including but not limited to co-sale, drag-along rights, director designation right and anti-dilution right. Pursuant to the shareholders' agreement, all such special rights will cease to be effective and be discontinued upon [REDACTED].

Notes:

- (1) Subsequent to the initial acquisition, Beijing Xinyu transferred part of the interest acquired to the other shareholder of Shanghai Beauty Farm, for further details, see "— Corporate Development — Second Capital Increase and Equity Transfer" in this section. As Beijing Xinyu acquired the equity interest in Shanghai Beauty Farm from Mr. Li and other shareholders of Shanghai Beauty Farm, Shanghai Beauty Farm did not receive the proceeds for the transaction.
- (2) Calculated based on the consideration paid by Beijing Xinyu divided by the equity interests in Shanghai Beauty Farm as converted into Shares of our Company upon completion of the Reorganization (after factoring into account subsequent transfers made by Shanghai Beauty Farm and the Share Split).
- (3) Calculated based on the currency translation of HK\$1 to RMB0.92429 and on the basis of the [REDACTED] of HK\$[REDACTED], the mid-point of the [REDACTED].

Information About CITIC PE

Beijing Xinyu is a limited partnership established in the PRC, the general partner of which is Beijing Youde, a limited partnership incorporated in the PRC whose general partner is Shanghai Pannuo Corporate Management Service Company Limited (上海磐諾企業管理服務有限公司, "Shanghai Pannuo"), a company incorporated in the PRC with limited liability. Shanghai Pannuo is wholly-owned by CITIC PE, which is in turn owned as to 35% by CITIC Securities Company Limited, a company listed on both the Stock Exchange and the Shanghai Stock Exchange. Beijing Xinyu's interest in our Group is held by BVI Xinyu Meiye after the completion of the Reorganization, BVI Xinyu Meiye is an entity which is ultimately controlled by CITIC PE.

Prior to October 2018, Beijing Xinyu was the largest shareholder of the Group. For further details of the transfer in October 2018, please refer to the paragraphs headed "History, Reorganization and Corporate Structure — Shanghai Beauty Farm — Second Capital Increase and Equity Transfer" in this document. During the relevant time, Beijing Xinyu took a more active role in advising the management of the Group on matters including corporate governance, strategic planning, merger and acquisitions, marketing and brand image enhancement, supply chain management and other financial and administrative matters, Beijing Xinyu participated in the Group's management through directors whom it had nominated to the board of Shanghai Beauty Farm, including Mr. ZHAI Feng and Mr. GENG Jiaqi, both of whom also currently serve as our non-executive Directors.

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Mr. Zang Ye is a Pre-[REDACTED] Investor of the Group and acquired interest in our Company through ZYLot Holdings Limited on March 11, 2022, additional details on its Pre-[REDACTED] Investment is set forth below:

Date on which the investment was fully settled by the Pre-[REDACTED] Investors	March 11, 2022
Total consideration paid⁽¹⁾	RMB3,975,759
Approximate cost per Share paid⁽²⁾	RMB9.94
Discount to the [REDACTED]⁽²⁾	[REDACTED] %
Implied post-money valuation of the Company⁽⁴⁾	RMB2,049,360,319
Strategic benefits of the Pre-[REDACTED] Investor	Mr. Zang Ye is an experienced investor who is active within the Hong Kong commercial community. Mr. Zang Ye is the vice-secretary general of the Hong Kong Hangzhou Commerce Chambers (香港杭州商會). Mr. Zang Ye is an experienced Hong Kong based investor and the Company considers that he would be able to provide the Company with market insights and experience of the Hong Kong investment environment.
Rights and lock-up of Mr. Zang	Mr. Zang has no special rights and is not subject to lock-up in relation to his investment.

Notes:

- (1) The consideration was determined based on arm's length negotiation between Mr. Zang Ye and the Company. The proceeds from the investors was utilized by the Company as general working capital.
- (2) Calculated after taking into account the effect of the Share Split.
- (3) Calculated based on the currency translation of HK\$1 to RMB0.92429 and on the basis of the [REDACTED] of HK\$[REDACTED], the mid-point of the proposed [REDACTED].
- (4) It is respectfully submitted that the valuation of the Pre-[REDACTED] Investment was based on a number of factors, including (i) the valuation of the Group in January 2022 taking into account the arm's length negotiations when the parties first engaged in discussion of the potential Pre-[REDACTED] Investment; (ii) the difference in risks undertaken by the Pre-[REDACTED] Investor investing in a private company and an investor investing in a public company; (iii) the cooperation required from Mr. Zang Ye in relation to the Reorganization and the experience and contribution that Mr. Zang Ye could bring to the Company as a Pre-[REDACTED] Investor. The step-up in valuation between the Pre-[REDACTED] Investment to the [REDACTED] upon [REDACTED] reflects the expected increase in the Company's capital and resources to implement the plans as detailed in the section headed "Future Plans and [REDACTED]" in this document as well as the Company's status as a [REDACTED] upon [REDACTED].

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Compliance With Interim Guidance and Guidance Letters

The Joint Sponsors confirm that the investments by the Pre-[REDACTED] Investors are in compliance with the Guidance Letter HKEX-GL29-12 issued on January 2012 and updated in March 2017 by the Stock Exchange and the Guidance letter HKEX-GL43-12 issued in October 2012 and updated in July 2013 and in March 2017 by the Stock Exchange.

[REDACTED]

Upon completion of the [REDACTED] (assuming the [REDACTED] is not exercised), the shares held by our core connected persons will not count towards the [REDACTED]. Save for the shares ultimately beneficially held by the Controlling Shareholders, BVI Xinyu Meiye, to the best of our Directors' knowledge, all other shareholders of the Company are not core connected persons of the Company. As a result, our other existing Shareholders will aggregately hold a total of approximately [REDACTED]% of Shares (upon completion of the [REDACTED] without taking into account the Shares which may be allotted and [REDACTED] under the [REDACTED]) which will count towards the [REDACTED]. Assuming the [REDACTED] are allotted and [REDACTED] to public shareholders, over 25% of the Company's total issued Shares will be held by [REDACTED] upon completion of the [REDACTED].

PRC LEGAL COMPLIANCE

M&A Rules

Pursuant to the Regulations on Mergers and Acquisitions of Domestic Companies by Foreign Investors (關於外國投資者併購境內企業的規定) (the "M&A Rules"), which were jointly promulgated by the MOFCOM, the State-owned Assets Supervision and Administration Commission of the State Council, the STA, the SAIC, the CSRC and the SAFE on August 8, 2006, came into effect on September 8, 2006 and subsequently amended on June 22, 2009, a foreign investor is required to obtain necessary approvals when it (i) acquires the equity of a domestic enterprise so as to convert the domestic enterprise into a foreign invested enterprise; (ii) subscribes the increased capital of a domestic enterprise so as to convert the domestic enterprise into a foreign-invested enterprise; (iii) establishes a foreign-invested enterprise through which it purchases the assets of a domestic enterprise and operates these assets; or (iv) purchases the assets of a domestic enterprise, and then invests such assets to establish a foreign-invested enterprise. According to the Article 11 of the M&A Rules, where a domestic enterprise, or a domestic natural person, through an overseas company established or controlled by it/him/her, acquires a domestic enterprise which is related to or connected with it/him/her, approval from the MOFCOM is required.

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Given that (i) Mr. Zang Ye, a non-domestic investor, is not connected with our Group when it acquired equity interests of Shanghai Beauty Farm and such acquisition were completed in compliance with applicable PRC laws and regulations; (ii) Shanghai Beauty Farm was a sino-foreign joint venture when its 100% equity interests was acquired by Shanghai Aiyumei, our PRC Legal Advisers are of the opinion that the onshore reorganization of the Reorganization is not subject to approval from the MOFCOM and the CSRC under the M&A Rules. However, there is uncertainty as to how the M&A Rules will be interpreted or implemented, and whether the relevant PRC government authorities, including CSRC, will reach the same conclusion as our PRC Legal Advisers.

SAFE Circular 37

SAFE promulgated the Circular on Relevant Issues Concerning Foreign Exchange Control on Domestic Residents' Offshore Investment and Financing and Roundtrip Investment through Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) (the "SAFE Circular 37") on July 14, 2014, which replaced the former circular commonly known as "SAFE Circular 75" promulgated by SAFE on October 21, 2005. SAFE Circular 37 requires PRC resident to register with local branches of SAFE in connection with their direct establishment or indirect control of an offshore entity, for the purpose of overseas investment and financing, with such PRC residents' legally owned assets or equity interests in domestic enterprises or offshore assets or interests, referred to in SAFE Circular 37 as a "special purpose vehicle". SAFE Circular 37 further requires amendment to the registration in the event of any significant changes with respect to the special purpose vehicle, such as increase or decrease of capital contributed by PRC individuals, share transfer or swap, merger, division or other material event. In the event that a PRC shareholder holding interests in a special purpose vehicle fails to fulfill the required SAFE registration, the PRC subsidiaries of that special purpose vehicle may be prohibited from making profit distributions to the offshore parent and from carrying out subsequent cross-border foreign exchange activities, and the special purpose vehicle maybe restricted in its ability to contribute additional capital into its PRC subsidiary. Furthermore, failure to comply with the SAFE registration requirements described above could result in liability under PRC law for evasion of foreign exchange controls.

On February 13, 2015, SAFE released the Notice on Further Simplifying the Improving Policies for the Foreign Exchange Administration of Direct Investment (國家外匯管理局關於進一步簡化和改進直接投資外匯管理政策的通知) (the "SAFE Circular 13"), which became effective from June 1, 2015. According to SAFE Circular 13, local banks shall examine and handle foreign exchange registration for overseas direct investment, including the initial foreign exchange registration and amendment registration under SAFE Circular 37. However, there exists uncertainties with respect to its interpretation and implementation by governmental authorities and banks.

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As advised by our PRC Legal Advisers, each of Mr. Li, Ms. Li, Mr. Lian, Niu Guifen, Cui Yuanjun and Yuan Huimin, being our Controlling Shareholders who are PRC residents and indirectly holds shares in our Company, have completed the registration for their respective investments in our Company under SAFE Circular 37 and SAFE Circular 13 on February 22, 2022.

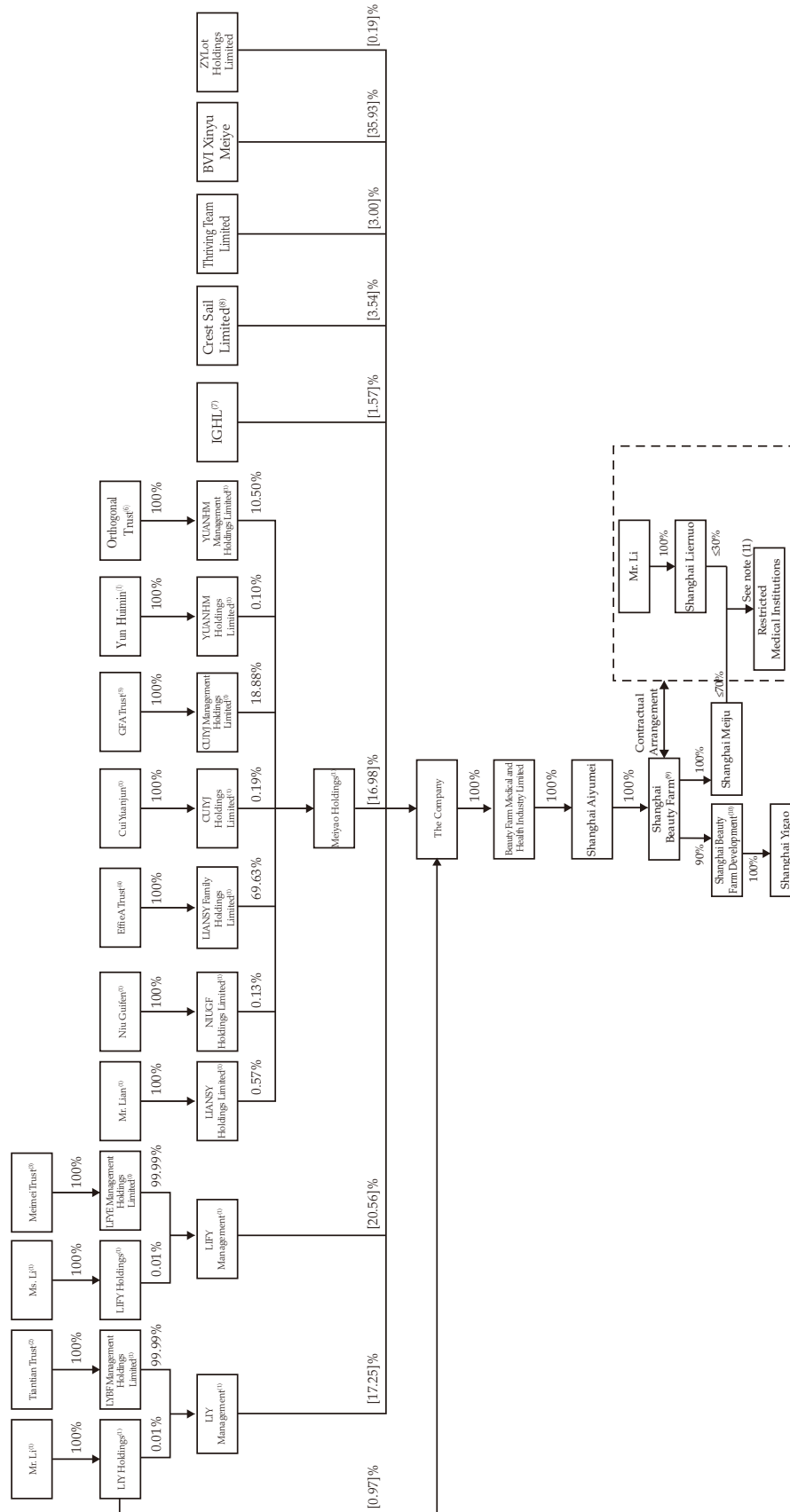
Corporate Structure and Reorganization

Our Reorganization has been completed in accordance with applicable laws and regulations in all material respects. Pursuant to the Administrative Measures for the Outbound Investment of Enterprises (企業境外投資管理辦法) and the Measures on the Administration of Overseas Investments (境外投資管理辦法) (collectively, the "ODI Rules"), promulgated by the National Development and Reform Commission and the Ministry of Commerce respectively, a domestic institution shall undergo approvals or record-filing as well as other procedures with the relevant authorities prior to its overseas investment in accordance with the provisions of the ODI Rules. Our PRC Legal Advisers are of the view that the Reorganization steps conducted in the PRC were substantially completed in all material respects. Shanghai Xinzhi Yuyuan Enterprise Management Partnership (Limited Partnership), being the parent who wholly-owns BVI Xinyu Meiye, has obtained all necessary PRC regulatory approvals or PRC record-filing in accordance with the ODI Rules and has remitted funds to pay for the preferred shares held by BVI Xinyu Meiye.

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OUR STRUCTURE IMMEDIATELY PRIOR TO THE [REDACTED]

The following chart sets forth our Group's simplified corporate structure immediately prior to the completion of the [REDACTED]:



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Notes:

- (1) Denotes parties that are Controlling Shareholders.
- (2) Tiantian Trust is a family trust established by Mr. Li.
- (3) Meimei Trust is a family trust established by Ms. Li.
- (4) EffieA Trust is a family trust established by Mr. Lian.
- (5) GFA Trust is a family trust established by Cui Yuanjun.
- (6) Orthogonal Trust is a family trust established by Yuan Huimin.
- (7) IGHL is an employee shareholding platform, for further details, please refer to the paragraph headed "— Employee Incentive Platform — IGHL" in this section.
- (8) Crest Sail Limited is an employee shareholding platform, for further details, please refer to the paragraph headed "— Employee Incentive Platform — Crest Sail Limited" in this section.
- (9) We have a complex group structure due to our historical developments, strategic business developments, nature of the beauty and health management service industry is operated in the PRC and geographical coverage of our business operations. The corporate structure presented has been simplified, please refer to note 38 in "Appendix I — Accountant's Report" to this document for further details on our subsidiaries.
- (10) Shanghai Qibeixu is an employee incentive platform established by our Group and controls 10% of the equity interest in Shanghai Beauty Farm Development. For further details, please refer to the paragraph headed "Corporate Development — Other principal subsidiaries" in this document.
- (11) For details of our Restricted Medical Institutions, please refer to the paragraphs headed "Contractual Arrangements — Our Contractual Arrangements" in this document.

