
WAIVERS AND EXEMPTIONS

In preparation for the [REDACTED], our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and certificates of exemption from strict compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

MANAGEMENT PRESENCE IN HONG KONG

According to Rule 8.12 of the Listing Rules, our Company must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. We do not have a sufficient management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules. We have applied for a waiver from strict compliance with Rule 8.12 of the Listing Rules primarily on the basis that, as our headquarters and principal business operations are primarily located in the PRC, our management is best able to attend to its function by being primarily based in the PRC. As such, the Joint Sponsors have applied, on behalf of our Company, to the Stock Exchange for, and the Stock Exchange [has granted] us a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to, among others, the following conditions:

- (a) pursuant to Rule 3.05 of the Listing Rules, we have appointed two authorized representatives, who will act as our principal channel of communication with the Stock Exchange. The two authorized representatives appointed are Ms. Zhang Lele, our executive Director and CEO, and Ms. Chan Sze Ting, our company secretary. Ms. Chan Sze Ting is situated and based in Hong Kong and will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange. Both of our authorized representatives will be readily contactable by telephone, facsimile and email to deal promptly with enquiries from the Stock Exchange;
- (b) pursuant to Rule 3.20 of the Listing Rules, each Director has provided their contact information to the Stock Exchange and to the authorized representatives. This will ensure that the Stock Exchange and the authorized representatives should have means for contacting all Directors promptly at all times as and when required. In the event that a Director expects to travel or is otherwise out of office, he/she will endeavor to provide his/her phone number of the place of his/her accommodation to the authorized representatives or maintain an open line of communication via his/her mobile phone;
- (c) each Director who is not ordinarily resident in Hong Kong possesses or can apply for valid travel documents to visit Hong Kong and can meet with the Stock Exchange within a reasonable period;

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- (d) pursuant to Rule 3A.19 of the Listing Rules, we has appointed Somerley Capital Limited as our compliance advisor, which will have access at all times to our authorized representatives, Directors, senior management and other officers of our Company, and will act as an additional channel of communication between the Stock Exchange and us;
- (e) meetings between the Stock Exchange and our Directors could be arranged through our authorized representatives or the Compliance Advisor, or directly with our Directors within a reasonable time frame. Our Company will promptly inform the Stock Exchange of any changes of our authorized representatives and/or the Compliance Advisor;
- (f) we will appoint other professional advisors (including legal advisors in Hong Kong) after the [REDACTED] to assist us in dealing with any questions which may be raised by the Stock Exchange and to ensure that there will be prompt and effective communication with the Stock Exchange; and
- (g) our Company has designated staff members as the communication officer at our headquarters after the [REDACTED] who will be responsible for maintaining day-to-day communication with Ms. Chan Sze Ting, our company secretary, and our Company's professional advisors in Hong Kong, including our legal advisors in Hong Kong and the Compliance Advisor, to keep abreast of any correspondences and/or enquiries from the Stock Exchange and report to our executive Directors to further facilitate communication between the Stock Exchange and our Company.

[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

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[REDACTED]

WAIVER FROM COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND EXEMPTION FROM COMPLIANCE WITH SECTION 342(1) IN RELATION TO PARAGRAPH 27 OF PART I AND PARAGRAPH 31 OF PART II OF THE THIRD SCHEDULE TO THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Rule 4.04(1) of the Listing Rules requires that the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of the document be included in the Accountants' Report to this Document.

Section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all document to include an accountant's report which contains the matters specified in the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

Paragraph 27 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that we set out in this Document a statement as to the gross trading income or sales turnover (as may be appropriate) of our Group during each of the three financial years immediately preceding the issue of this Document.

Paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that we include in this Document a report by the auditors with respect to the profit and loss of our Group for each of the three financial years ended immediately preceding the issue of this Document and the assets and liabilities of our Group as at the end of each of the three financial years ended immediately preceding the issue of this Document.

Pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances,

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the SFC considers that the exemption will not prejudice the interest of the [REDACTED] public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or is otherwise unnecessary or inappropriate.

According to Rule 18A.06 of the Listing Rules, an eligible biotech company shall comply with Rule 4.04 modified so that references to “three financial years” or “three years” in that rule shall instead reference to “two financial years” or “two years”, as the case may be.

Rule 13.49(1) of the Listing Rules requires issuers to publish preliminary financial results not later than three months after the end of each financial year.

Paragraph 4.4(ii) of the Guidance Letter HKEX-GL25-11 issued by the Stock Exchange provides that where an applicant issues its listing document in the third month after the latest year end, a Rule 4.04(1) waiver would be subject to the following conditions: (i) the listing document must include the financial information for the latest financial year and a commentary on the results for the year. The financial information to be included in the listing document must (a) follow the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules; and (b) be agreed with the reporting accountants following their review under Practice Note 730 “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants; (ii) the applicant must list on the Stock Exchange within three months after the latest year end; and (iii) the applicant must obtain a certificate of exemption from the SFC on compliance with the requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

An application has been made to the Stock Exchange for a waiver from strict compliance with requirements under Rule 4.04(1) of the Listing Rules not to include in this document the audited financial results of our Company in respect of the financial year immediately preceding the issue of this document, and such waiver [has been granted] by the Stock Exchange subject to the following conditions:

- (a) the Document must be issued on or before [REDACTED] and the Shares of the Company will be [REDACTED] on the Stock Exchange by [REDACTED] (i.e. within 3 months after the latest financial year end);
- (b) the Document includes the unaudited preliminary financial information for the year ended December 31, 2022 and a commentary on the results for the year, and the financial information (i) follows the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules; and (ii) is agreed with the Reporting Accountants following their review under Practice Note 730 “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants;

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- (c) the Company obtains a certificate of exemption from the SFC on strict compliance with paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance; and
- (d) the Company will not in breach of its articles of association (as amended and supplemented from time to time) or laws and regulations of the Cayman Islands or other regulatory requirements as a result of not publishing its preliminary results announcements for the year ended December 31, 2022.

Accordingly, we applied to the SFC for, and the SFC [has granted], a certificate of exemption from strict compliance with the requirements under section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance subject to the following conditions:

- (a) the particulars of the exemption are set out in the Document;
- (b) the Document must be issued on or before [REDACTED]; and
- (c) the Shares of the Company will be [REDACTED] on the Stock Exchange on or before [REDACTED] (i.e. within 3 months after the latest financial year end).

The applications to the Stock Exchange for a waiver from strict compliance with Rule 4.04(1) of the Listing Rules and to the SFC for a certificate of exemption from strict compliance with section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance were made on the grounds, among others, that strict compliance with the above requirements would be unduly burdensome and the exemption would not prejudice the interests of the [REDACTED] public given the followings:

- (a) there would not be sufficient time for the Company and the Reporting Accountants to finalize the audited financial statements for the year ended December 31, 2022 and include them in the Document. If the financial information for the year ended December 31, 2022 is required to be audited, the Company and the Reporting Accountants would have to carry out substantial work to prepare, update and finalize the Accountants' Report and the Document, and the relevant sections of the Document will need to be updated to cover such additional period within a short period of time;
- (b) we are an R&D-driven, dermatology-focused biopharmaceutical company, and falls within the scope of biotech company as defined under Chapter 18A of the Listing Rules;

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- (c) the Company has included in the Document (i) the Accountants’ Report covering each of the two financial years ended December 31, 2020 and 2021 and [the nine months ended September 30, 2022] as set out in Appendix I to this document in accordance with Rule 18A.06 of the Listing Rules, (ii) [the unaudited preliminary financial information for the year ended December 31, 2022 and a commentary on the results for the year in Appendix IA to this Document], which is prepared in compliance with the content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules, and has been agreed with the Reporting Accountants following their review under Practice Note 730 “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants;
- (d) notwithstanding that the financial results set out in this Document are only for the two years ended December 31, 2020 and 2021 and [the nine months ended September 30, 2022] in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and requirements under the Companies (Winding up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this Document pursuant to the relevant requirements;
- (e) further, as Chapter 18A of the Listing Rules provides track record period for biotech companies in terms of financial disclosure is two years, strict compliance with the requirements of section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for the Company;
- (f) the Directors are of the view that, up to the date of the Document, there has been no material adverse change to the financial and trading positions or prospects since [September 30, 2022] (being the date of the latest audited statement of financial position in the Accountants’ Report set out in Appendix I to the Document) to the date of the Document; and there has been no event since [September 30, 2022] and up to the date of this Document which would materially affect the information shown in the Accountants’ Report as set out in Appendix I to the Document, the unaudited [REDACTED] financial information as set out in Appendix II to the Document, [the unaudited preliminary financial information for the year ended December 31, 2022 and a commentary on the results for the year in Appendix IA to this Document,] the section headed “Financial Information” in the Document and other parts of the Document. [Based on the due diligence work performed by the Joint Sponsors so far, nothing has come to the attention of the Joint Sponsors for them to cast doubt on the views of the Directors expressed above];
- (g) the Company shall publish its annual report for the year ended December 31, 2022 within the time prescribed under Rule 13.46(2) of the Listing Rules; and

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- (h) our Company is of the view that the Accountants’ Report covering the two years ended December 31, 2020 and 2021 and [the nine months ended September 30, 2022], as set out in Appendix I to the Document, the unaudited [REDACTED] financial information as set out in Appendix II to the Document, [the unaudited preliminary financial information for the year ended December 31, 2022 and a commentary on the results for the year in Appendix IA to this Document,] together with other disclosure in this Document, has already provided the potential [REDACTED] with adequate and reasonably up-to-date information in the circumstances to form a view on the track record of our Company; and our Directors confirm that all information which is necessary for the [REDACTED] public to make an informed assessment of the business, assets and liabilities, financial position, management and prospects has been included in this document. Therefore, the exemption would not prejudice the interests of the [REDACTED] public.

Given the Company [has] included the unaudited preliminary financial information for the year ended December 31, 2022 and a commentary on the results for the year in Appendix [IA] to this Document, which is prepared in compliance with the content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules, and has been agreed with the Reporting Accountants following their review under Practice Note 730 “Guidance for Auditors Regarding Preliminary Announcements of Annual Results” issued by the Hong Kong Institute of Certified Public Accountants, the Company will not, for the purpose of Rule 13.49(1) of the Listing Rules to prepare and send a preliminary results announcement to its shareholders for the year ended December 31, 2022, which will not be in breach of the articles of association (as amended and supplemented from time to time), laws and regulations of the Cayman Island or other regulatory requirements. In addition, the Company will issue an announcement by March 31, 2023 stating that we will not publish the preliminary results announcement for the year ended December 31, 2022 as the relevant financial information has been included in this Document pursuant to Rule 13.49(1) and Rule 13.49(3)(i) of the Listing Rules.