
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 Sole Sponsor has 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.

WAIVER AND EXEMPTION IN RELATION TO THE [REDACTED] EQUITY INCENTIVE PLAN

Rule 17.02(1)(b) of the Listing Rules taking effect on January 1, 2023 requires a listing applicant to, inter alia, disclose in this Document full details of all outstanding options and awards and their potential dilution effect on the shareholdings upon listing as well as the impact on the earnings per share arising from the issue of shares in respect of such outstanding options or awards.

Paragraph 27 of Appendix 1A to the Listing Rules requires a listing applicant to disclose, inter alia, particulars of any capital of any member of the group which is under option, or agreed conditionally or unconditionally to be put under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement, provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share option scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

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Under section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the prospectus must state the matters specified in Part I of the Third Schedule.

Under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the number, description and amount of any shares in or debentures of the company which any person has, or is entitled to be given, an option to subscribe for, together with the particulars of the option, that is to say, (a) the period during which it is exercisable; (b) the price to be paid for shares or debentures subscribed for under it; (c) the consideration (if any) given or to be given for it or for the right to it; and (d) the names and addresses of the persons to whom it or the right to it was given or, if given to existing shareholders or debenture holders as such, the relevant shares or debentures must be specified in the Document.

As of the date of this Document, our Company had granted outstanding options under the [REDACTED] Equity Incentive Plan to 110 grantees (the “**Grantee(s)**”) to subscribe for an aggregate of 6,687,068 Shares (to be adjusted to [REDACTED] Shares upon the completion of [REDACTED]). Among the outstanding options, two Directors who are also members of our senior management (Ms. Zhang Lele and Mr. Huang Yuqing), all other five members of senior management and other 103 Grantees of our Group (who are not Directors, members of senior management or connected persons of the Company) were granted options to subscribe for 3,971,475, 1,181,366 and 1,534,227 Shares, respectively (to be adjusted to [REDACTED], [REDACTED] and [REDACTED] Shares upon the completion of [REDACTED]). Among the 103 other Grantees, three of them are our consultants, who were granted options to subscribe for 397,715 Shares (to be adjusted to [REDACTED] Shares upon the completion of [REDACTED]).

As of the date of this Document, our Company had granted outstanding share awards under the [REDACTED] Equity Incentive Scheme to 88 participants (the “**Awardee(s)**”) for an aggregate of 7,304,761 Shares (to be adjusted to [REDACTED] Shares upon the completion of [REDACTED]). Among the outstanding share awards, two Directors who are also members of our senior management (Ms. Zhang Lele and Mr. Huang Yuqing), all other five members of senior management and other 81 Awardees of our Group (who are not Directors, members of senior management or connected persons of the Company) were granted share awards for 2,483,380, 2,268,634 and 2,552,747 Shares, respectively (to be adjusted to [REDACTED], [REDACTED] and [REDACTED] Shares upon the completion of [REDACTED]). No share awards were granted to any consultants.

The Shares underlying the outstanding options and share awards represent approximately [REDACTED]% and [REDACTED]% of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no further Shares are issued under the [REDACTED] Equity Incentive Plan). No options and share awards under the [REDACTED] Equity Incentive Plan will be further granted. For more details of our [REDACTED] Equity Incentive Plan, see “Statutory and General information – Equity Incentive Plans – [REDACTED] Equity Incentive Plan” in Appendix IV.

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The Sole Sponsor has applied, on behalf of our Company, to (i) the Stock Exchange for a waiver from strict compliance with the requirements under Rule 17.02(1)(b) of the Listing Rules and paragraph 27 of Appendix 1A to the Listing Rules and (ii) the SFC for a certificate of exemption from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance pursuant to section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in connection with the disclosure of certain details relating to the options and share awards granted to the Grantees and Awardees in this Document on the ground that the waiver and the exemption will not prejudice the interest of the [REDACTED] and strict compliance with the above requirements would be unduly burdensome for our Company for the following reasons, among others:

- (a) as of the date of this Document, we had granted outstanding options to a total of 110 Grantees under the [REDACTED] Equity Incentive Plan to acquire an aggregate of 6,687,068 Shares (to be adjusted to [REDACTED] Shares upon the completion of [REDACTED]), representing approximately [REDACTED]% of the total number of Shares in issue immediately after completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no further Shares are issued under the [REDACTED] Equity Incentive Plan). The Grantees under the [REDACTED] Equity Incentive Plan include two Directors who are also members of our senior management (Ms. Zhang Lele and Mr. Huang Yuqing), all other five members of senior management and other 103 Grantees of our Group (who are not Directors, members of senior management or connected persons of our Company). Among the 103 other Grantees, three of them are our consultants, who were granted options to subscribe for 397,715 Shares (to be adjusted to [REDACTED] Shares upon the completion of [REDACTED]);
- (b) as of the date of this Document, we had granted outstanding share awards to a total of 88 Awardees under the [REDACTED] Equity Incentive Scheme to acquire an aggregate of 7,304,761 Shares (to be adjusted to [REDACTED] Shares upon the completion of [REDACTED]), representing approximately [REDACTED]% of the total number of Shares in issue immediately after completion of the [REDACTED] and the [REDACTED] (assuming the [REDACTED] is not exercised and no further Shares are issued under the [REDACTED] Equity Incentive Scheme). The Awardees under the [REDACTED] Equity Incentive Scheme include two Directors who are also members of our senior management (Ms. Zhang Lele and Mr. Huang Yuqing), all other five members of senior management and 81 other Awardees of our Group (who are not Directors, members of senior management or connected persons of our Company). No share awards were granted to any consultants;
- (c) our Directors consider that it would be unduly burdensome to disclose in the Document full details of all the options and share awards granted by us to each of the Grantees and Awardees, which would significantly increase the cost and time required for information compilation and Document preparation for strict compliance with such disclosure requirements. For example, we would need to

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collect and verify the addresses of over 110 Grantees and 88 Awardees to meet the disclosure requirement. Further, the disclosure of the personal details of each Grantee and Awardee, including their names, addresses for the grantees and the number of options and share awards granted, may require obtaining consent from the Grantees and Awardees in order to comply with personal data privacy laws and principles and it would be unduly burdensome for our Company to obtain such consents given the number of Grantees and Awardees;

- (d) material information on the options and share awards has been disclosed in the Document to provide prospective [REDACTED] with sufficient information to make an informed assessment of the potential dilutive effect and impact on earnings per Share of the options and share awards in making their [REDACTED] decision, and such information includes:
- (i) a summary of the terms of the [REDACTED] Equity Incentive Plan;
 - (ii) the aggregate number of Shares subject to the outstanding options and share awards and the percentage in our total issued Shares of which such number represents;
 - (iii) the dilutive effect and the impact on earnings per Share upon issue of Share in respect of the options and share awards immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and no further Shares are issued under the [REDACTED] Equity Incentive Plan);
 - (iv) full details of the outstanding options and share awards granted to Directors, members of the senior management, consultants and connected persons (if any) of our Company, on an individual basis, are disclosed in the Document, and such details include all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
 - (v) with respect to the options and share awards granted to persons other than those referred to in (iv) above, disclosure are made in the Document on an aggregate basis, and the following details will be disclosed in the Document, including (a) the aggregate number of such Grantees and the number of Shares subject to the options, the consideration paid for the grant of the options and the exercise period and the exercise price for the options, and (b) the aggregate number of such Awardees and the number of Shares subject to the share awards, the consideration paid for the grant of the share awards and the vesting period for the share awards; and
 - (vi) the particulars of the waiver and exemption granted by the Stock Exchange and the SFC, respectively,

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the above disclosure is consistent with the conditions ordinarily expected by the Stock Exchange in similar circumstances as set out in Guidance Letter HKEX-GL11-09 issued in July 2009 and updated in March 2014 by the Stock Exchange;

- (e) the 100 Grantees and 81 Awardees who are not Directors, members of the senior management, consultants or connected persons of the Company have been granted options and/or share awards under the [REDACTED] Equity Incentive Plan to acquire an aggregate of 3,689,259 Shares (to be adjusted to [REDACTED] Shares upon the completion of [REDACTED]), which is not material in the circumstances of our Company, and the exercise in full of such options and share awards will not cause any material adverse change in the financial position of our Company;
- (f) our Directors consider that non-compliance with the above disclosure requirements would not prevent our Company from providing [REDACTED] with sufficient information for an informed assessment of the activities, assets, liabilities, financial position, management and prospects of our Group; and
- (g) a full list of all the Grantees and Awardees containing all details as required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule will be made available for inspection at the office of Davis Polk & Wardwell at 10th Floor, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of the Document as disclosed in the section headed “Documents Delivered to the Registrar of Companies and on Display” in Appendix V.

The Stock Exchange [has granted] us a waiver from strict compliance with the relevant requirements under the Listing Rules subject to the conditions that disclosure in respect of the information referred to in paragraph (d) above has been made in this Document.

The SFC [has granted] us a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with paragraph 10(d) of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, subject to the conditions that:

- (a) full details of the outstanding options granted to Directors, members of the senior management, consultants and connected persons (in any) of our Company, on an individual basis, are disclosed in the Document, and such details include all the particulars required under Rule 17.02(1)(b) of the Listing Rules, paragraph 27 of Appendix 1A to the Listing Rules and paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) with respect to the options granted to persons other than those referred to in (a) above, disclosure are made in the Document on an aggregate basis, and the following details will be disclosed in the Document, including the aggregate number of Shares subject to the options, the consideration paid for the grant of the options, the exercise period and the exercise price for the options;

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- (c) a full list of all the Grantees (including the persons referred to in (a) above) who have been granted options to subscribe for Shares under the [REDACTED] Equity Incentive Plan, containing all the particulars as required under paragraph 10 of Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, be made available for inspection at the office of Davis Polk & Wardwell at 10th Floor, The Hong Kong Club Building, 3A Chater Road, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of the Document as disclosed in the section headed “Documents Delivered to the Registrar of Companies and on Display” in Appendix V; and
- (d) the particulars of the exemption be set forth in this Document and that this Document will be issued on or before [REDACTED].

EXEMPTION FROM COMPLIANCE WITH 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

Section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires all prospectuses to include matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (the “**Third Schedule**”), and set out the reports specified in Part II of the Third Schedule.

Paragraph 27 of Part I of the Third Schedule requires a company to include in its prospectus a statement as to the gross trading income or sales turnover (as the case may be) of the company during each of the three financial years immediately preceding the issue of the prospectus, including an explanation of the method used for the computation of such income or turnover and a reasonable breakdown between the more important trading activities.

Paragraph 31 of Part II of the Third Schedule further requires a company to include in its prospectus a report by the auditors of the company with respect to (i) the profits and losses of the company for each of the three financial years immediately preceding the issue of the prospectus and (ii) the assets and liabilities of the company of each of the three financial years immediately preceding the issue of the prospectus.

Section 342A(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance provides that the SFC may issue, subject to such conditions (if any) as the SFC thinks fit, a certificate of exemption from the compliance with the relevant requirements under the Companies (Winding Up and Miscellaneous Provisions) Ordinance if, having regard to the circumstances, the SFC considers that the exemption will not prejudice the interest of the investing public and compliance with any or all of such requirements would be irrelevant or unduly burdensome, or would otherwise be unnecessary or inappropriate.

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Rule 4.04(1) of the Listing Rules requires that the consolidated results of the issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the listing document or such shorter period as may be acceptable to the Stock Exchange be included in the accountants’ report to the prospectus.

Our Company is a Biotech Company as defined under Chapter 18A of the Listing Rules and is seeking a [REDACTED] under Chapter 18A of the Listing Rules. Rule 18A.03(3) of the Listing Rules requires that a Biotech Company must have been in operation in its current line of business for at least two financial years prior to listing under substantially the same management. Rule 18A.06 of the Listing Rules requires that a Biotech Company must comply with Rule 4.04 of the Listing Rules modified so that references to “three financial years” or “three years” in Rule 4.04 shall instead be references to “two financial years” or “two years”, as the case may be. Further, pursuant to Rule 8.06 of the Listing Rules, the latest financial period reported on by the reporting accountants for a new applicant must not have ended more than six months from the date of the listing document.

In compliance with the abovementioned requirements under the Listing Rules, the Accountants’ Report set out in Appendix I is currently prepared to cover the two financial years ended December 31, 2021 and 2022. As such, the Sole Sponsor has applied, on behalf of our Company, to the SFC for a certificate of exemption from strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule regarding the inclusion of the Accountants’ Report covering the full three financial years immediately preceding the issue of this Document on the following grounds:

- (a) our Company is 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. Our Company will fulfill the additional conditions for [REDACTED] required under Chapter 18A of the Listing Rules;
- (b) given that our Company is only required to disclose its financial results for each of the two financial years ended December 31, 2021 and 2022 under Chapter 18A of the Listing Rules, strict compliance with section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule would be unduly burdensome for our Company;
- (c) during the Track Record Period, the Group generated revenue of approximately RMB2.0 million and RMB11.4 million for the years ended December 31, 2021 and 2022 respectively, substantially all of which was generated from the sale of our in-licensed and distributed scalp diseases and care products (CU-40102, CUP-MNDE and CUP-SFJH), skin diseases and care products (CU-10201), and certain skin care products, including facial masks, creams, toners, sprays, serums and gels. In addition, the Group has conducted various rounds of financing since its

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establishment, details of which have been fully disclosed in the subsections headed “History, Development and Corporate Structure – Corporate Development” and “History, Development and Corporate Structure – [REDACTED] Investments”;

- (d) notwithstanding that the financial results set out in this Document are only for the two financial years ended December 31, 2021 and 2022 in accordance with Chapter 18A of the Listing Rules, other information required to be disclosed under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance has been adequately disclosed in this Document pursuant to the relevant requirements; and
- (e) the Accountants’ Report covering the two financial years ended December 31, 2021 and 2022 (as set out in Appendix I), together with other disclosures in this Document, have already provided adequate and reasonable up-to-date information in the circumstances for the [REDACTED] to make an informed assessment of the business, assets and liabilities, financial position, management and prospects and to form a view on the track record of our Company. Therefore, the exemption would not prejudice the interest of the [REDACTED].

The SFC [has granted] us a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance exempting our Company from strict compliance with section 342(1)(b) in relation to paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule on the condition that particulars of the exemption are set out in this Document and that this Document will be issued on or before [REDACTED].