
CORNERSTONE INVESTORS

THE CORNERSTONE PLACING

We have entered into cornerstone investment agreements (the “**Cornerstone Investment Agreements**”) with the cornerstone investors set out below (the “**Cornerstone Investors**”), pursuant to which the Cornerstone Investors have agreed to, subject to certain conditions, subscribe or cause their designated entities to subscribe, at the Offer Price for a certain number of Offer Shares (rounded down to the nearest whole board lot of 200 Shares) that may be purchased for an aggregate amount of US\$23,200,000 (or approximately HK\$181,442,560, calculated based on the conversion rate as set out in the section headed “Information about this Prospectus and the Global Offering – Exchange Rate Conversion”) (exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy) (the “**Cornerstone Placing**”).

Assuming an Offer Price of HK\$20.65, being the low-end of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 8,786,400 Offer Shares, representing approximately 41.29% of the Offer Shares pursuant to the Global Offering and approximately 2.89% of the total Shares in issue immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no further Shares are issued under the Pre-IPO Equity Incentive Plan).

Assuming an Offer Price of HK\$22.70, being the mid-point of the indicative Offer Price range set out in this Prospectus, the total number of Offer Shares to be subscribed by the Cornerstone Investors would be 7,992,600 Offer Shares, representing approximately 37.56% of the Offer Shares pursuant to the Global Offering and approximately 2.63% of the total Shares in issue immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no further Shares are issued under the Pre-IPO Equity Incentive Plan).

Assuming an Offer Price of HK\$24.75, being the high-end of the indicative Offer Price range set out in this Prospectus, the total number of Shares to be subscribed by the Cornerstone Investors would be 7,330,600 Offer Shares, representing approximately 34.45% of the Offer Shares pursuant to the Global Offering and approximately 2.41% of the total Shares in issue immediately upon completion of the Global Offering (assuming the Over-allotment Option is not exercised and no further Shares are issued under the Pre-IPO Equity Incentive Plan).

Our Company is of the view that, the Cornerstone Placing will help to raise the profile of our Company and to signify that such investors have confidence in the business and prospect of the Group.

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The Cornerstone Placing will form part of the International Offering and the Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the Cornerstone Investment Agreements). The Offer Shares to be subscribed by the Cornerstone Investors will rank pari passu in all respect with the fully paid Shares in issue and will be counted towards the public float of our Company under Rule 8.08 of the Listing Rules. On the other hand, such Offer Shares will not count towards the public float for the purpose of Rule 18A.07 of the Listing Rules. Immediately following the completion of the Global Offering, the Cornerstone Investors will not become a substantial shareholder of our Company, and the Cornerstone Investors will not have any Board representation in our Company. Other than a guaranteed allocation of the relevant Offer Shares at the final Offer Price, the Cornerstone Investors do not have any preferential rights in the Cornerstone Investment Agreements compared with other public Shareholders.

To the best knowledge of our Company and after making reasonable enquiries, (i) the Cornerstone Investors are independent from our Company, our connected persons and their respective associates and they are not our existing Shareholders; (ii) the Cornerstone Investors are independent from each other; (iii) the Cornerstone Investors are not accustomed to taking instructions from our Company, our subsidiaries, our Directors, chief executive of our Company, our Controlling Shareholders, our substantial Shareholders, our existing Shareholders or any of their respective close associates in relation to the acquisition, disposal, voting or other disposition of the Offer Shares registered in its name or otherwise held by it; and (iv) the subscription of Offer Shares pursuant to the Cornerstone Investment Agreements is not directly or indirectly financed by our Company, our Directors, chief executive of our Company, our Controlling Shareholders, our substantial Shareholders, our existing Shareholders or any of their respective subsidiaries or close associate.

As confirmed by the Cornerstone Investors, its subscription under the Cornerstone Placing would be financed by their internal resources. There are no side arrangements between our Company and the Cornerstone Investors or any benefit, direct or indirect, conferred on the Cornerstone Investors by virtue of or in relation to the Cornerstone Placing. If there is over-allocation in the International Offering, the settlement of such over-allocation may be effected through delayed delivery of the Offer Shares to be subscribed by Harvest under the Cornerstone Placing. Nevertheless, all of the Cornerstone Investors, including Harvest, have agreed to pay for the relevant Offer Shares that they have subscribed before dealings in the Offer Shares commence on the Stock Exchange. As such, there will be no deferred settlement of payment of the investment amounts. If there is no over-allocation in the International Offering, delayed delivery will not take place.

To the best knowledge of our Company and as confirmed by each Cornerstone Investors, save for So-Young Hong Kong Limited, none of the Cornerstone Investors nor their respective shareholders are listed on any stock exchanges. Each of the Cornerstone Investors has confirmed that all necessary approvals have been obtained with respect to the Cornerstone Placing and that no specific approval from any stock exchange (if relevant) or its shareholders is required for the relevant cornerstone investment.

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The total number of Offer Shares to be subscribed by the Cornerstone Investors pursuant to the Cornerstone Placing may be affected by reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in “Structure of the Global Offering – The Hong Kong Public Offering – Reallocation and Clawback”. Details of the actual number of the Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around June 9, 2023.

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Set out below is the aggregate number of Offer Shares, and the corresponding percentage to the Company’s total issued Shares under the Cornerstone Placing.

Based on the Offer Price of HK\$20.65 (being the low-end of the Offer Price range)

Cornerstone Investor ⁽¹⁾	Investment Amount ⁽²⁾	Number of Offer Shares ⁽³⁾	Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment	Assuming the Over-allotment	Assuming the Over-allotment	Assuming the Over-allotment
			Option is not exercised	Option is exercised in full	Option is not exercised	Option is exercised in full
Harvest	US\$20,000,000	7,574,400	35.59%	30.95%	2.49%	2.47%
Xinhongdi VC	US\$2,200,000	833,200	3.92%	3.40%	0.27%	0.27%
So-Young HK	US\$1,000,000	378,600	1.78%	1.55%	0.12%	0.12%
Total	US\$23,200,000	8,786,400	41.29%	35.90%	2.89%	2.86%

Notes:

- As defined below.
- Exclusive of brokerage, the SFC transaction levy, the Stock Exchange trading fee and the AFRC transaction levy, and to be converted to Hong Kong dollars based on the exchange rate as disclosed in this Prospectus.
- Rounded down to the nearest whole board lot of 200 Offer Shares.

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Based on the Offer Price of HK\$22.70 (being the mid-point of the Offer Price range)

Cornerstone Investor ⁽¹⁾	Investment Amount ⁽²⁾	Number of Offer Shares ⁽³⁾	Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment	Assuming the Over-allotment	Assuming the Over-allotment	Assuming the Over-allotment
			Option is not exercised	Option is exercised in full	Option is not exercised	Option is exercised in full
Harvest	US\$20,000,000	6,890,400	32.38%	28.15%	2.27%	2.24%
Xinhongdi VC	US\$2,200,000	757,800	3.56%	3.10%	0.25%	0.25%
So-Young HK	US\$1,000,000	344,400	1.62%	1.41%	0.11%	0.11%
Total	US\$23,200,000	7,992,600	37.56%	32.66%	2.63%	2.60%

Notes: For notes (1) to (3), see “Based on the Offer Price of HK\$20.65 (being the low-end of the Offer Price range)” above.

Based on the Offer Price of HK\$24.75 (being the high-end of the Offer Price range)

Cornerstone Investor ⁽¹⁾	Investment Amount ⁽²⁾	Number of Offer Shares ⁽³⁾	Approximate % of total number of Offer Shares		Approximate % of total Shares in issue immediately following the completion of Global Offering	
			Assuming the Over-allotment	Assuming the Over-allotment	Assuming the Over-allotment	Assuming the Over-allotment
			Option is not exercised	Option is exercised in full	Option is not exercised	Option is exercised in full
Harvest	US\$20,000,000	6,319,800	29.70%	25.82%	2.08%	2.06%
Xinhongdi VC	US\$2,200,000	695,000	3.27%	2.84%	0.23%	0.23%
So-Young HK	US\$1,000,000	315,800	1.48%	1.29%	0.10%	0.10%
Total	US\$23,200,000	7,330,600	34.45%	29.95%	2.41%	2.39%

Notes: For notes (1) to (3), see “Based on the Offer Price of HK\$20.65 (being the low-end of the Offer Price range)” above.

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The following information about the Cornerstone Investors was provided to the Company by the Cornerstone Investors in relation to the Cornerstone Placing.

Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Great Bay Investment SP

Harvest International Premium Value (Secondary Market) Fund SPC on behalf of Harvest Great Bay Investment SP (“**Harvest**”) is a fund established in February 2022. Harvest International Premium Value (Secondary Market) Fund SPC is a segregated portfolio company established in the Cayman Islands and is an Independent Third Party. 91% of the management shares of Harvest International Premium Value (Secondary Market) Fund SPC are held by Harvest Global Investments Limited (“**HGI**”) and 9% of the management shares are held by Harvest Global Capital Investments Limited (“**HGCI**”). Incorporated in Hong Kong in 2008, HGI is a wholly-owned subsidiary of Harvest Fund Management Co., Ltd (“**HFM**”). HFM is one of the first ten public fund management companies approved to be established within China. HGCI is a company incorporated in Hong Kong in 2011 and licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the SFO in Hong Kong by the SFC. HGCI is principally engaged in asset management and investment advisory business. The sole participating shareholder of Harvest is Navigator Technology Limited (“**NTL**”), and the ultimate beneficial owner of NTL is Zheng Fuhua, an Independent Third Party.

Our Company became acquainted with Harvest through introduction by certain Underwriters in the Global Offering.

HFM is owned as to 30% by DWS Investments Singapore Limited and is a member of the same group of companies as Deutsche Bank AG, Hong Kong Branch (“**DBHK**”), one of the Overall Coordinators, Joint Global Coordinators, Joint Bookrunners and Joint Lead Managers in the Global Offering. Therefore, Harvest is a “connected client” of DBHK within the meaning of paragraph 13(7) of Appendix 6 to the Listing Rules (the “**Placing Guidelines**”). We have applied to the Stock Exchange for, and the Stock Exchange has granted, a consent under paragraph 5(1) of the Placing Guidelines to permit Harvest to participate in the Global Offering as a cornerstone investor subject to certain conditions. See “Waivers and Exemptions – 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” for further details.

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Wuxi Xinhongdi Venture Capital Partnership (Limited Partnership) (無錫新鴻笛創業投資合夥企業(有限合夥))

Wuxi Xinhongdi Venture Capital Partnership (Limited Partnership) (無錫新鴻笛創業投資合夥企業(有限合夥)) (“**Xinhongdi VC**”) is a limited partnership incorporated in the PRC with five limited partners, all being our Independent Third Parties, and two largest limited partners each hold 29.24% of its partnership interest. The general partner of Xinhongdi VC is Wuxi Starorigin Private Fund Management Co., Ltd. (無錫星源私募基金管理有限公司) (“**Xingyuan PE**”). Xingyuan PE is owned by (i) Wuxi Xinfu Industry Investment Limited Company (無錫市新發產業投資有限公司) (“**Wuxi Xinfu Industry**”) as to 45%, (ii) Wuxi Heyuan Enterprise Management Partnership (Limited Partnership) (無錫合源企業管理合夥企業(有限合夥)) (“**Wuxi Heyuan**”) as to 35%, and (iii) Jiangsu Zhiyuan Capital Management Limited Company (“**Jiangsu Zhiyuan**”) (江蘇致源資本管理有限公司) as to 20%. Wuxi Xinfu Industry is wholly owned by Wuxi Xinfu Group Limited Company (無錫市新發集團有限公司) (“**Wuxi Xinfu Group**”), which is in turn wholly owned by Wuxi Gaofa Investment Development Group Limited Company (無錫市高發投資發展集團有限公司) (“**Wuxi Gaofa**”), a company wholly owned the Government of Xinwu District of Wuxi (無錫市新吳區人民政府). Wuxi Heyuan is a limited partnership with Shang Jicai (尚繼才) holding 99% of its partnership interest as its general partner and Xie Jingwan (謝婧婉) holding 1% of its partnership interest as its limited partner. Jiangsu Zhiyuan is controlled by Fang Jian (方健). To the best knowledge of our Company, each of Xinhongdi VC, Xingyuan PE, Wuxi Xinfu Industry, Wuxi Xinfu Group, Wuxi Gaofa, Government of Xinwu District of Wuxi, Wuxi Heyuan, Shang Jicai, Xie Jingwan, Jiangsu Zhiyuan and Fang Jian is an Independent Third Party.

Our Company became acquainted with Xinhongdi VC through the introduction by Finance Office of Development and Reform Commission of the Management Committee of Wuxi National High-Tech Industrial Development Zone (無錫國家高新技術產業開發區管理委員會), which was one of the governing authorities of our operation in Wuxi.

So-Young Hong Kong Limited

So-Young Hong Kong Limited (“**So-Young HK**”) is a company incorporated in Hong Kong in May 2014, engaging in investment holding. So-Young HK is wholly owned by So-Young International Inc. (“**So-Young Cayman**”), a company incorporated in Cayman Islands which operates an online platform on consumption healthcare services, whose class A ordinary shares are listed on the Nasdaq Global Market (trading symbol: SY). To the best knowledge of our Company, each of So-Young HK and So-Young Cayman is an Independent Third Party.

Our Company became acquainted with So-Young HK while approaching potential investors during roadshow.

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CLOSING CONDITIONS

The obligation of the Cornerstone Investors to acquire the Offer Shares under the Cornerstone Investment Agreements is subject to, among other things, the following closing conditions:

- (a) the Hong Kong Underwriting Agreement and the International Underwriting Agreement being entered into and having become effective and unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) by no later than the time and date as specified in the Hong Kong Underwriting Agreement and the International Underwriting Agreement, and neither the Hong Kong Underwriting Agreement nor the International Underwriting Agreement having been terminated;
- (b) the Offer Price having been agreed according to the Hong Kong Underwriting Agreement and the International Underwriting Agreement and the Price Determination Agreement to be signed among the parties thereto in connection with the Global Offering;
- (c) the Listing Committee having granted the listing of, and permission to deal in, the Shares (including the Shares under the Cornerstone Placing) as well as other applicable waivers and approvals and such approval, permission or waiver having not been revoked prior to the commencement of dealings in the Shares on the Stock Exchange;
- (d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Global Offering or the Cornerstone Investment Agreements and there shall be no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions; and
- (e) the respective representations, warranties, undertakings and confirmations of the Cornerstone Investors under the Cornerstone Investment Agreements are accurate and true in all respects and not misleading and that there is no material breach of the Cornerstone Investment Agreements on the part of the Cornerstone Investors.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Each of the Cornerstone Investors has agreed that it will not, whether directly or indirectly, at any time during the period of six months from the Listing Date (the “**Lock-up Period**”), dispose of any of the Offer Shares it has purchased pursuant to the Cornerstone Investment Agreements, save for certain limited circumstances, such as transfers to any of its wholly-owned subsidiaries who will be bound by the same obligations of such Cornerstone Investors, including the Lock-up Period restriction.