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## RELATIONSHIP WITH THE CONTROLLING SHAREHOLDERS

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### CONTROLLING SHAREHOLDERS

Without taking into account any further Shares issued after the Latest Practicable Date and prior to the Listing, Tencent will, immediately following the completion of the Listing, have an economic interest in approximately 48.4% of the outstanding Shares of the Company and approximately 90.4% of the total voting power of the Company, comprising of (i) 1,640,456,882 Class B ordinary shares (representing approximately 89.8% of the voting power of the Company) held by Min River, a company beneficially owned and controlled by Tencent; (ii) 141,415,349 Class A ordinary shares (representing approximately 0.5% of the voting power of the Company), being 50% of the 282,830,698 Class A ordinary shares held by Spotify AB and over which Tencent holds voting power<sup>4</sup>; and (iii) an aggregate of 20,082,508 Class A ordinary shares (representing approximately 0.1% of the voting power of the Company) held by certain minority shareholders of the Company, the voting power of which has been vested with Min River through voting proxy granted by such minority shareholders. Therefore, Tencent and Min River are the Controlling Shareholders of the Company. The foregoing beneficial ownership information of Tencent is based on the Amendment No. 2 to Schedule 13G filed by Tencent with the SEC on February 10, 2022. See “Major Shareholders” and “Share Capital” for further details.

### INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying on our business independently of our Controlling Shareholders and their close associates after the Listing.

#### Management Independence

Our business is managed and conducted by our Board and senior management. Our Board consists of nine Directors, of whom three are independent Directors unrelated to our Controlling Shareholders. For more information, please see “Directors and Senior Management.” As of the Latest Practicable Date and upon the Listing, save for three of our Directors, namely (i) James Gordon Mitchell, who concurrently serves as Chief Strategy Officer and a Senior Executive Vice President of Tencent, (ii) Brent Richard Irvin, who concurrently serves as the corporate vice president and the general counsel of Tencent, and (iii) Matthew Yun Ming Cheng, who concurrently serves as the corporate vice president of Tencent, none of our Directors holds or will hold any directorship or senior management role in our Controlling Shareholders or their respective close associates. Save as the aforementioned three of our Directors, there is no overlap of the senior management members between our Group and our Controlling Shareholders and their respective close associates. Each of James Gordon Mitchell, Brent Richard Irvin and Matthew Yun Ming Cheng, currently, and expect to, focuses on the overall strategic planning of the Group, and does not and will not involve in the day-to-day management and operations of the Group.

<sup>4</sup> the voting power of such 141,415,349 Class A ordinary shares held of record by Spotify AB is vested with Tencent pursuant to the Spotify Investor Agreement and the Tencent Voting Undertaking, therefore Tencent is deemed to beneficially own such ordinary shares (pursuant to the Spotify Investor Agreement, Spotify has given Tencent a sole and exclusive right to vote our securities beneficially owned by Spotify and its affiliates, while pursuant to the Tencent Voting Undertaking, Tencent is obligated to vote 50% of the securities subject to the foregoing proxy from Spotify in proportion to votes cast for and against by non-Spotify shareholders).

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Based on the reasons above, our Directors consider that our Board and senior management will function independently of our Controlling Shareholders because:

- (a) each Director is aware of their fiduciary duties as a director, which require, among other things, that they act for the benefit, and in the interest, of our Company and does not allow any conflict between their duties as a director and their personal interests;
- (b) our daily management and operations are carried out by members of our senior management team, all of whom have substantial experience in our Group's business and/or the industry in which we operate, and will be able to make decisions that are in the best interest of our Group;
- (c) we have three independent Directors and certain matters of our Company will always be referred to them for review and/or approval;
- (d) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective associates, the interested director(s) is required to declare the nature of such interest before voting at the relevant board meeting(s) in respect of such transactions; and
- (e) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our Controlling Shareholders that would support our independent management; see “— Corporate Governance Measures” in this section for further information.

### **Operational Independence**

Our Group is not operationally dependent on our Controlling Shareholders. Our Group (through our subsidiaries and consolidated affiliated entities) holds our key operating licenses, and our Group (through our subsidiaries and consolidated affiliated entities) owns all relevant intellectual properties and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently of our Controlling Shareholders. Our access to, and relationship with, our customers and suppliers are independent of our Controlling Shareholders, and we have an independent management team that operates our business. During the Track Record Period, our Group entered into certain transactions with Tencent and/or its close associates (“**Transactions with Tencent**”), the details of which are set out in the section headed “Related Party Transactions — Transactions with Tencent” and “Related Party Transactions – Other Related Party Transactions” in this listing document. As the Transactions with Tencent only relate to the non-core business activities of our Group, we are of the view that we can operate our business independently from our Controlling Shareholders.

### **Financial Independence**

We have independent internal control and accounting systems. We also have an independent finance department responsible for discharging the treasury function, and an audit committee

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comprising solely of independent directors to oversee our accounting and financial reporting processes. We are capable of obtaining financing from third parties, if necessary, without reliance on our Controlling Shareholders.

No loans or guarantees provided by, or granted to, our Controlling Shareholders or their respective associates will be outstanding as of the Latest Practicable Date.

Based on the above, our Directors believe that our Board as a whole and together with our senior management team are able to manage, operate and carry on our business independently of, and do not place undue reliance on, our Controlling Shareholders and their respective close associates.

### DISCLOSURE UNDER RULE 8.10 OF THE HONG KONG LISTING RULES

Our Controlling Shareholders and/or our Directors may, from time to time, make minority investments or hold non-executive board positions in entities that operate in the broader industries in which our business segments also operate. As our Controlling Shareholders and/or Directors have no executive or shareholding control over any of these entities, and these entities have separate businesses with separate management and shareholder bases that control such entities, our Controlling Shareholders have no plans to inject any of their interested entities into our Group; and to the extent our Directors hold non-executive board positions or make minority investments in these entities, we believe that this strengthens the experience and diversity of our Directors, as a group, and signifies their passion for the industries in which we operate.

#### Clear Delineation of Business

There is a clear delineation between our business and that of Tencent.

Tencent offers Internet value-added services through the operation of communications and social services, games, and other digital content platforms with the aim of connecting users with a broad range of online and offline services and content. Tencent also offers online advertising, FinTech, cloud and other business services for enterprise clients (“**Tencent Business**”).

We are an online music and audio entertainment platform that allows users to engage with a broad range of music and audio content in different ways. Through our platform, we offer online music services and social entertainment services.

We provide online music services and social entertainment services primarily in mainland China and, save for the business as ancillary services in support of Tencent Business, Tencent does not operate any such businesses in mainland China.

Our Controlling Shareholders and Directors confirm that, as of the Latest Practicable Date, they did not have any interest in a business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business that would require disclosure under Rule 8.10 of the Hong Kong Listing Rules.

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### CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our shareholders' interests. We have adopted the following measures to ensure good corporate governance standards and to avoid potential conflicts of interest between our Group and our Controlling Shareholders:

- (a) where our Directors reasonably request the advice of independent professionals, such as financial advisers, the appointment of such independent professionals will be made at our Company's expense;
- (b) we have appointed Guotai Junan Capital Limited as our compliance adviser to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Hong Kong Listing Rules, including various requirements relating to corporate governance; and
- (c) we have established our audit committee and compensation committee and adopted a charter for each committee in compliance with the rules of the NYSE. The members of our audit committee, including its chairman, are independent directors who satisfy the requirements of Section 303A of the Corporate Governance Rules of the NYSE and meet the independence standards under Rule 10A-3 under the U.S. Exchange Act.

Based on the above, our Directors are satisfied that we have sufficient corporate governance measures in place to manage conflicts of interest that may arise between our Group and our Controlling Shareholders, and to protect our minority Shareholders' interests after the Listing.