
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Mr. Zhou Hongyi (周鴻禱) (“Mr. Zhou”), through control of Pepper Blossom Limited by his majority-owned entities including Blossom Eternity Limited, Blossom Growth Limited, Blossom Glory Limited (together with Mr. Zhou, “Mr. Zhou Group”), and the voting proxy in respect of the voting rights in Pepper Blossom Limited granted by Blossom Deluxe Holdings Limited to Blossom Glory Limited, was entitled to exercise approximately 38.21% of voting rights at general meetings of our Company, and Songcheng Performance, through control of its wholly-owned subsidiary Global Bacchus Limited, was entitled to exercise approximately 37.06% of voting rights at general meetings of our Company.

Immediately after the completion of the [REDACTED] and the [REDACTED] (assuming no exercise of the [REDACTED] and without taking into account any option granted under the [REDACTED] Share Option Scheme), Mr. Zhou Group will be entitled to exercise approximately [REDACTED]% of voting rights at general meetings of our Company, and Songcheng Performance, through control of Global Bacchus Limited, will be entitled to exercise approximately [REDACTED]% of voting rights at general meetings of our Company.

Since Mr. Zhou Group and Songcheng Performance will be entitled to exercise more than 30% of voting rights at general meetings of our Company following the completion of the [REDACTED] and the [REDACTED], respectively, Mr. Zhou Group and Songcheng Performance will continue to be regarded as our controlling shareholders as defined under the Listing Rules upon the [REDACTED].

BUSINESS DELINEATION AND COMPETITION

We offer (1) video- and audio-based live entertainment and social networking services through our flagship products, *Huajiao* and *6.cn*; and (2) social networking and discovery services through our overseas products under HOLLA Group (collectively, the “Core Business”).

In addition to Mr. Zhou’s interest in our Company, (1) he was interested in approximately 30.76% of the total issued share capital of 360 LUDASHI HOLDINGS LIMITED (360魯大師控股有限公司) (“360 Ludashi”) as of June 30, 2022, a company listed on the Stock Exchange (stock code: 3601), (2) as of September 30, 2022, he was interested in approximately 14.3% of the total issued share capital of 360 DigiTech, Inc. (“360 DigiTech”), a company listed on NASDAQ (QFIN.NASDAQ) and expected to be listed on the Stock Exchange (stock code: 3660) according to the document of 360 DigiTech dated November 18, 2022, and (3) he was interested in approximately 57.63% of the total issued share capital of 360 Security Technology Inc. (三六零安全科技股份有限公司) (“360 Security”), a company listed on the Shanghai Stock Exchange (stock code: 601360) as of June 30, 2022. Please refer to “Directors and Senior Management” for the biographical details of Mr. Zhou.

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Given that (i) 360 Ludashi is principally engaged in PC and mobile devices utility software, (ii) 360 DigiTech is principally engaged in providing a comprehensive suite of technology services to assist financial institutions and consumers and small- and micro-enterprises in the loan lifecycle, ranging from borrower acquisition, preliminary credit assessment, fund matching and post-facilitation services, (iii) 360 Security is principally engaged in offering internet and mobile security products and providing users with secure access points to internet activities, and (iv) Songcheng Performance is principally engaged in on-site live performance business, each of which is clearly delineated from our business, our controlling shareholders and our Directors confirm that as of the Latest Practicable Date, neither of them nor their respective close associates have any interest in any business, apart from the Core Business operated by members of our Group, that competes or is likely to compete, directly or indirectly, with the Core Business and would require disclosure pursuant to Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors believe that we are capable of carrying out our business independently without reliance on our controlling shareholders (and their close associates) after the [REDACTED].

Management Independence

Our business is managed and conducted by our Board and senior management. Upon the completion of the [REDACTED], our Board consist of one executive Director, three non-executive Directors and three independent non-executive Directors. See “Directors and Senior Management” for details.

Two non-executive Directors also hold positions in 360 Ludashi, 360 DigiTech or 360 Security as set out below:

Name of our Director	Major position(s) held in our Company	Major position(s) held in 360 Ludashi, 360 DigiTech or 360 Security
Mr. Zhou Hongyi (周鴻禕)	Non-executive Director and chairman of the Board	(i) a director and the chairman of the board of directors of 360 DigiTech, since July 2016 and since September 2018, respectively (ii) the chairman of the board of directors and the general manager at 360 Security since February 2018

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Name of our Director	Major position(s) held in our Company	Major position(s) held in 360 Ludashi, 360 DigiTech or 360 Security
Mr. Zhao Dan (趙丹)	Non-executive Director	(i) a non-executive director at 360 Ludashi since June 2020 (ii) a director at 360 DigiTech since May 2020

Other than Mr. Zhou Hongyi and Mr. Zhao Dan, to the best of the knowledge, information and belief of our Directors having made all reasonable inquiries, none of our Directors or senior management holds any directorship or senior management role in 360 Ludashi, 360 DigiTech or 360 Security.

Mr. Chen Shengmin (陳勝敏), our non-executive Director, is the chief financial officer of Songcheng Performance, one of our controlling shareholders. Mr. Zhou Hongyi (周鴻禕), our non-executive Director, is also one of our controlling shareholders. Despite such relationship and the overlapping positions as mentioned above, our Directors believe that our Board and senior management has been and will continue to be able to independently manage our business and function independently from our controlling shareholders based on the following grounds:

- (1) each of our Directors is aware of his fiduciary duties as a Director of our Company which require, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interest;
- (2) 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 Directors shall abstain from voting at the relevant board meetings of our Company in respect of such transactions and shall not be counted in the quorum;
- (3) although Mr. Zhou Hongyi holds the directorship in each of our Group, 360 DigiTech and 360 Security and Mr. Zhao Dan holds the directorship in each of our Group, 360 Ludashi and 360 DigiTech, they have been and will continue to be supported by the separate and independent boards and senior management teams to perform their duties at respective entities. In addition, given both of Mr. Zhou Hongyi and Mr. Zhao Dan are our non-executive Directors, they will not be involved in the day-to-day management or affairs and operations of our businesses. Our daily management and operations are carried out by our executive Director and a senior

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management team, all of whom are independent from our controlling shareholders and have substantial experience in the industry in which our Company is engaged, and will therefore be able to make business decisions that are in the best interest of our Group;

- (4) we have three independent non-executive Directors who have extensive experience in different professions. They have been appointed pursuant to the requirements under the Listing Rules to ensure that the decisions of the Board are made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of our independent non-executive Directors from different backgrounds provides a balance of views and opinions; and
- (5) we have adopted a series of corporate governance measures to manage conflicts of interest, if any, between our Group and our controlling shareholders which would support our independent management. See “— Corporate Governance Measures.”

Our Directors are satisfied that our Board together with our senior management team as a whole is able to manage our business independently from our controlling shareholders and their close associates.

Operational Independence

We have established our own organizational structure comprised of individual departments, each with specific areas of responsibilities. We have also established various internal controls procedures to facilitate the effective operation of our business. Our Group is not operationally dependent on our controlling shareholders. Our Company (through our subsidiaries) holds or enjoys the benefit of all relevant licenses and owns all relevant intellectual property and research and development facilities necessary to carry on our business. We have sufficient capital, facilities, equipment and employees to operate our business independently from our controlling shareholders. We also have independent access to our customers and suppliers.

Apart from the transactions set out in “Connected Transactions,” our Directors do not expect that there will be any other significant transactions between our Group and our controlling shareholders upon or shortly after the [REDACTED]. Based on the above, our Directors believe that we are capable of carrying on our business independently of our controlling shareholders and their respective close associates.

Financial Independence

Our Group has an independent financial system and makes financial decisions according to our Group’s own business needs. Our Group’s accounting and finance functions are independent of our controlling shareholders. During the Track Record Period, we primarily

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financed our business operation through cash generated from our business activities. As of the Latest Practicable Date, we did not have any outstanding borrowing or guarantee from or non-trade receivables or payables with our controlling shareholders or any of their respective close associates.

Having considered the above, we believe we are able to obtain external financing, when and if necessary, without guarantee or security provided by our controlling shareholders. Our Directors confirm that we will not rely on our controlling shareholders for financing after the [REDACTED] as we expect that our working capital will be funded from the [REDACTED] and cash flow from operations. Therefore, there is no financial dependence on our controlling shareholders and their respective close associates.

CORPORATE GOVERNANCE MEASURES

Our Directors recognize the importance of good corporate governance in protecting our Shareholders' interests. We have put in place sufficient corporate governance measures to manage the conflict of interest and potential competition from our controlling shareholders and safeguard the interest of the Shareholders, including:

- (1) where a Shareholders' meeting is to be held for considering proposed transactions in which our controlling shareholders or any of his close associates has a material interest, our controlling shareholders will not vote on the resolutions and shall not be counted in the quorum in the voting;
- (2) our Company has established internal control mechanism to identify connected transactions. After the [REDACTED], our Company will comply with the requirements in connection with connected transactions under the Listing Rules;
- (3) where our Directors reasonably request the advice of independent professionals, such as independent financial advisors, the appointment of such independent professional will be made at our Company's expense;
- (4) we have appointed Goldlink Capital (Corporate Finance) Limited as our compliance advisor to provide advice and guidance to us in respect of compliance with the applicable laws and regulations, as well as the Listing Rules, including various requirements relating to corporate governance; and
- (5) we will establish the audit committee, remuneration committee and nomination committee prior to the [REDACTED] with written terms of reference in compliance with the Listing Rules and the Corporate Governance Code.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our controlling shareholders and their respective close associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.