

RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the [REDACTED] and the [REDACTED] (assuming that the [REDACTED] is not exercised), (i) Mr. Feng will directly hold approximately [REDACTED] of the enlarged registered share capital of our Company; (ii) Mr. Du will directly hold approximately [REDACTED] of the enlarged registered share capital of our Company; and (iii) Shanghai Chuyan will directly hold approximately [REDACTED] of the enlarged registered share capital of our Company. Shanghai Chuyan is the shareholding platform established by Mr. Feng and Mr. Du, and is owned as to 52% by Mr. Feng (as the general partner) and 48% by Mr. Du (as the sole limited partner). Mr. Feng and Mr. Du therefore have full control over Shanghai Chuyan.

On July 30, 2021, Mr. Feng and Mr. Du entered into the Concert Party Agreement, according to which Mr. Feng and Mr. Du confirmed and agreed that they have been and will continue to act in concert by aligning their votes at the Shareholders’ meeting and the Board meeting of the Company, unless otherwise agreed, and in case they cannot reach an unanimous consent on a relevant matter, Mr. Du shall act in accordance with the direction of Mr. Feng. Further details of the Concert Party Agreement are set out in the section headed “Our History and Development—Concert Party Agreement”.

On the basis of the above, Mr. Feng and Mr. Du will be entitled to exercise or control the exercise of an aggregate of approximately [REDACTED] of the voting power at general meetings of our Company upon [REDACTED]. As a result, Mr. Feng, Mr. Du and Shanghai Chuyan will constitute a group of Controlling Shareholders of our Company under the Listing Rules.

Apart from being a Controlling Shareholder, Mr. Feng is also an executive Director and the chairman of our Board, and Mr. Du is also an executive Director, the chief executive officer and the general manager of our Company. For further background details of Mr. Feng and Mr. Du, please see the section headed “Directors, Supervisors and Senior Management—Executive Directors” in this document.

EXCLUDED BUSINESS

As of the Latest Practicable Date, our Controlling Shareholders, Mr. Feng and Mr. Du, was interested in certain companies outside of our Group, details of which are set out below:

<u>Company name</u>	<u>Place of Incorporation</u>	<u>Date of Incorporation</u>	<u>Ownership</u>
1. Nanjing Luge Investment Management Center LLP* (南京路歌投資管理中心(有限合伙)) (“ Nanjing Luge Investment ”)	Nanjing, PRC	September 23, 2015	76.94% by Mr. Feng, 1% by Mr. Du, 14.71% by Mr. Wang and 7.35% by Mr. Pan Ruibo (潘瑞波) ^{Note}

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<u>Company name</u>	<u>Place of Incorporation</u>	<u>Date of Incorporation</u>	<u>Ownership</u>
2. Nanjing Luge Information Technology Co., Ltd.* (南京路歌信息技術有限公司) (“ Nanjing Luge Information ”)	Nanjing, PRC	June 27, 2015	100% by Mr. Feng

Note: Further details of Mr. Pan Ruibo are set out in the section headed “Our History and Development—C. Earlier Shareholding Changes—(c) Conversion of Capital Reserve into Paid-in Registered Share Capital”.

Nanjing Luge Investment was set up by our Controlling Shareholders, Mr. Feng and Mr. Du, for the purpose of holding our Company’s equity interests on behalf of our employees. Since its establishment and up to the Latest Practicable Date, Nanjing Luge Investment had no actual business operations. Mr. Du is the executive partner of Nanjing Luge Investment.

Nanjing Luge Information was set up and wholly owned by Mr. Feng. In 2018, Nanjing Luge Information transferred all its equity interests in our Company to Ganzhou Jinxi Investment Partnership (Limited Partnership)* (贛州金義投資合夥企業(有限合夥)), details of which are set out in the section headed “Our History and Development – Corporate Development of Our Company”. Since its establishment and up to the Latest Practicable Date, Nanjing Luge Information had no actual business operations. Mr. Feng is the sole director of Nanjing Luge Information.

Save as otherwise disclosed above and the section headed “Directors, Supervisors and Senior Management—Directors—Executive Directors”, as of the Latest Practicable Date, none of our Controlling Shareholders or our Directors was engaged or had any interest in any business, apart from the business of our Group, which competes or is likely to compete, directly or indirectly, with our business, which would require disclosure under Rule 8.10 of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently from our Controlling Shareholders and their respective associates after the [REDACTED].

Management Independence

The Board comprises four executive Directors, two non-executive Directors and three independent non-executive Directors. Our management and operational decisions are made by our executive Directors and senior management, most of whom have served our Group for an extensive period and have substantial experience in the industry in which we are engaged. Please see the section headed “Directors, Supervisors and Senior Management” in this document for further details.

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As of the Latest Practicable Date, save as otherwise disclosed below, none of our Directors, supervisors or the members of our senior management team holds any position with our Controlling Shareholders and/or their respective close associates (the “**Controlling Shareholders Group**”).

<u>Name</u>	<u>Position with our Company</u>	<u>Position with the Controlling Shareholders Group as of the Latest Practicable Date</u>
Mr. Feng	Executive Director and chairman of the Board	Director of Nanjing Luge Information

Despite that Mr. Feng holds a director position in Nanjing Luge Information, our Directors are of the view that given Nanjing Luge Information currently does not have any actual business operations, Mr. Feng is and will continue to be largely involved in the day-to-day management and operation of our Group, and in the event that Mr. Feng is required to be absent himself from any board meeting on any matter which may give rise to a potential conflict of interest, our remaining Directors will have sufficient expertise and experience to fully consider such matter.

In addition, our Directors are of the view that there are sufficient and effective control mechanisms to ensure that our Directors discharge their duties appropriately and safeguard the interests of our Shareholders as a whole for following reasons:

- (i) each of our Directors is aware of his/her fiduciary duties as a Director which require, among others, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests. The Directors shall not vote in any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting. Further, when considering connected transactions, our independent non-executive Directors will review the relevant transactions; and
- (ii) our independent non-executive Directors constitute one-third of our Board and none of them has any relationship with our Controlling Shareholders or their respective associates. They will bring independent judgment to the decision-making process of the Board.

Therefore, there are sufficient non-overlapping Directors who are independent and have relevant experience to allow the proper function of the Board.

Based on the above, our Directors are satisfied that our Board as a whole together with our senior management team are able to perform the managerial role in our Group independently and are of the view that we are capable of managing our business independently from the Controlling Shareholders Group after the [REDACTED].

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Operational Independence

Although the Controlling Shareholders will retain a controlling interest in our Company after the [REDACTED], we have full rights to make all decisions regarding, and to carry out, our own business operations independently from our Controlling Shareholders. Our Company (through our subsidiaries) holds or enjoys the benefit of all relevant licenses necessary to carry out our businesses, and has sufficient capital, equipment and employees to operate our business independently from the Controlling Shareholders.

We have established our own organizational structure with independent departments and business units, each with specific areas of responsibility. We maintain a set of comprehensive internal control procedures to facilitate the effective operations of our business. Our operational functions are running independently of the Controlling Shareholders Group.

We have our own employee headcount for our operations and our own management of human resources, cash and accounting, invoicing and billing. As of the Latest Practicable Date, substantially all of our full-time employees were recruited independently and primarily through recruitment websites, on-campus recruitment programs, advertisements in newspapers, recruiting firms and internal referrals.

Our Directors currently do not expect that there will be any transactions between our Group and our Controlling Shareholders Group upon or immediately following the [REDACTED] which will constitute continuing connected transactions of our Company pursuant to the Listing Rules.

Financial Independence

During the Track Record Period and up to the Latest Practicable Date, our Group has our own internal control, accounting and financial management system, accounting and finance department independent treasury functions for cash receipts and payment and we make financial decisions according to our own business needs.

During the Track Record Period and up to the Latest Practicable Date, we entered into various facility agreements or standalone loan agreements with certain banks, pursuant to which our Company or other eligible member of our Group borrowed short-term loans from these banks which are secured by personal guarantees provided by our Controlling Shareholders, Mr. Feng and Mr. Du. These short-term loans were generally used for the turnover of our working capital, technology development, and/or other financial needs in the ordinary and usual course of our business operation.

Save as otherwise disclosed above, we confirm that there is no other financial assistance provided by our Controlling Shareholders Group to our Group and *vice versa*. As of the Latest Practicable Date, (i) all the guarantees provided by our Controlling Shareholders to our Group were all released upon maturity of the relevant loan or otherwise agreed by relevant banks in advance, or will be released upon [REDACTED] and (ii) all loans, advances and balances due to the Controlling Shareholders were fully repaid.

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Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders, and our Group has developed long term stable relationships with various banks to support our business operation and expansion.

Based on the above, our Directors believe that we have the ability to operate independently of the Controlling Shareholders Group from a financial perspective and are able to maintain financial independence from the Controlling Shareholders Group.

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there will be adequate corporate governance measures in place to manage conflicts of interest after [REDACTED]. In particular, we will implement the following measures:

- (a) as part of our preparation for the [REDACTED], we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provided that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his associates have a material interest nor shall such Director be counted in the quorum present at the meeting;
- (b) a Director with material interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and abstain from voting at the board meetings on matters in which such Director or his/her associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;
- (c) we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our [REDACTED] Shareholders. Details of our independent non-executive Directors are set out in “Directors, Supervisors and Senior Management—Directors—Independent Non-executive Directors”; or
- (d) in the event that the independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and the Controlling Shareholders and/or the Directors on the other hand, the Controlling Shareholders and/or the Directors shall provide the independent non-executive

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Directors with all necessary information and our Company shall disclose the decisions of the independent non-executive Directors either through its annual report or by way of announcements; and

- (e) we have appointed Guotai Junan Capital Limited as our compliance adviser, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules including various requirements relating to directors’ duties and corporate governance.

Further, any transaction that is proposed between our Company and the Controlling Shareholders and/or our Directors and their respective associates will be required to comply with the requirements of the Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent Shareholders’ approval requirements.