
RELATIONSHIP WITH OUR CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

As of the Latest Practicable Date, Ms. Ma (through Harmony Culture, her wholly-owned company); Mr. Yang and Ms. Yeh (through Legend Key, their wholly-owned company in equal shares); and Mr. Chen (through Max One, his wholly-owned company) beneficially owned 27.6%, 27.6% and 9.2% of the issued share capital of our Company, respectively, and pursuant to the Concert Party Agreement entered into by our Founders on September 13, 2021, together they are collectively entitled to exercise control of approximately 64.5% voting powers of our Company.

Since Ms. Ma, Mr. Yang, Ms. Yeh and Mr. Chen were together interested in our group companies in 2017 and throughout the Track Record Period, they have cooperated as parties acting in concert to exercise control over our Group and to develop the business of our Group. They have collectively made key decisions regarding our strategies and plans, including the production concept of different programs, establishment of various business lines and the development and creation of our IPs and brands and exercised control over our Group through cooperation with each other, which has been formalized in the Concert Party Arrangement. Accordingly, they are presumed to be parties acting in concert under the Takeovers Codes and, through their respective holding companies, are our Controlling Shareholders as of the date of this document.

Immediately following completion of the [REDACTED] (assuming the [REDACTED] is not exercised and without taking into account the Shares which may be issued upon the exercise of the Options under the Share Option Schemes), Harmony Culture, Legend Key and Max One will collectively be entitled to exercise voting rights of approximately [REDACTED] of our total issued Shares. Accordingly, Ms. Ma, Mr. Yang, Ms. Yeh and Mr. Chen (through their respective holding companies) are our Controlling Shareholders.

Each of Ms. Ma, Mr. Yang, Ms. Yeh and Mr. Chen are our Founder. Ms. Ma is the chairperson of our Board and our executive Director. Each of Mr. Yang and Mr. Chen are our non-executive Director. Ms. Yeh is the mother of Mr. Jay Chou and an investment partner of Mr. Yang.

CONCERT PARTY AGREEMENT

In order to strengthen voting rights in our Company, our Founders entered into the Concert Party Agreement pursuant to which, among others, (i) the Founders shall act in concert in respect of their voting rights and actively cooperate to consolidate control over voting rights of our Company, and (ii) our Founders also acknowledged that since each of them had a beneficial interest in our Group to the date thereof, they have been acting in concert and operating and exercising their voting rights in a consistent manner.

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COMPETING INTERESTS

Each of our Controlling Shareholders and Directors confirms that, as of the Latest Practicable Date, he/she or it or their respective close associates 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, which would require disclosure under Rule 8.10 of the Listing Rules.

NON-COMPETITION UNDERTAKINGS

Deed of Non-competition

To ensure that competition will not exist in the future, each of our Controlling Shareholders has entered into the Deed of Non-competition in favor of our Company under which each of our Controlling Shareholders has, warranted and undertaken to our Company that he/she/it shall not, and he/she/it shall use his/her/its best endeavors to procure that none of his/her/its close associates (other than any member of our Group) shall, directly or indirectly as principal or agent, either on his/her/its own account or in conjunction with or on behalf of any person, or through any entities (except in or through any members of our Group), compete with our business as disclosed in this document (the "**Restricted Business**").

The Deed of Non-competition given by our Controlling Shareholders does not apply to:

- (a) the relevant Controlling Shareholder's holding of interests in the shares of a company where the total number of shares directly or indirectly held by our Controlling Shareholders, and/or his/her/its respective close associates in aggregate does not exceed 10% of the issued shares of the relevant company or control the exercise of more than 10% of the voting rights thereof, or control the composition of a majority of the board of directors of such company; and
- (b) the Forgone Business Opportunity (as defined in the Deed of Non-competition) which our Company has confirmed that it does not intend to pursue.

The respective obligations of each of our Controlling Shareholders under the Deed of Non-competition shall take effect from the [REDACTED], and shall terminate on the earliest of (i) the Shares cease to be [REDACTED] on the Stock Exchange; (ii) our Controlling Shareholders and their close associates, individually or jointly, cease to hold or control 30% or more of the entire share capital of the Company; and (iii) any one of our Controlling Shareholders together with its/his/her close associates cease to hold or control, directly or indirectly, any securities in the entire share capital of our Company.

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Our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to the compliance and enforcement of the non-competition undertakings under the Deed of Non-competition in our annual reports. Our Controlling Shareholders will make an annual confirmation on their compliance with the non-competition undertakings under the Deed of Non-competition in our annual reports.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Pursuant to our Reorganization, all companies and businesses of our Controlling Shareholders related to, or incidental to, the operation of our Group were transferred to our Company. We believe that our Group is capable of carrying on its business independently of our Controlling Shareholders and their respective close associates (other than our Group) after [REDACTED] for the following reasons:

Management independence

Our business is managed by our Board and senior management. Our Board currently comprises three executive Directors, two non-executive Directors and three independent non-executive Directors. Our senior management consists of seven members. Our Directors and senior management team have sufficient expertise and experience to handle the day-to-day management and operations of our Group.

Our Directors are of the view that our Board together with our senior management team is able to manage our business independently from our Controlling Shareholders for the following reasons:

- (a) there are adequate corporate governance measures in place to manage the existing and potential conflicts of interest. In addition, our Directors shall not vote in any Board resolution approving any contract, arrangement or proposal which he/she or any of his/her close associates has a material interest and shall not be counted in the quorum present at the particular Board meeting;
- (b) we have three independent non-executive Directors, who help to enhance the independence of our management;
- (c) our senior management team possesses in-depth experience and understanding of the industry in which our Group is engaged. This ensures the independence of the daily management and operations of our Group from those of our Controlling Shareholders; and
- (d) each of our Directors is aware of his/her fiduciary duties as a Director, which require, among other things, that he/she acts for the benefit and in the best interests of our Shareholders as a whole and does not allow any conflict between his/her duties as a Director and his/her personal interests to affect the performance of his/her duties as a Director. For instance, when our Board considers any resolution which are related to the cooperation with JVR Music, Mr. Yang (being a director of our Company and JVR Music) will abstain from voting on the relevant resolution.

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Operational independence

Our Company (through its operating subsidiaries) holds or enjoys the benefit of all relevant licences necessary to carry out its business in all material respects, and has sufficient capital, equipment, production facilities and employees to operate our business independently from our Controlling Shareholders. We do not rely on any of our Controlling Shareholders' respective operational, administration or human resources services. Further, we do not have any recurring transactions with our Controlling Shareholders and their respective close associates.

In addition, we have established our organizational structure which is made up of individual departments, each with specific areas of responsibilities. We have also established a set of internal control measures to facilitate the effective operation of our business.

Based on the above, our Directors are of the view that our Group has been operating independently from our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to operate independently.

Financial independence

All loans, advances and balances due from our Controlling Shareholders and their respective close associates and all loans, advances and balances due to our Controlling Shareholders and their respective close associates will be repaid before [REDACTED]. All share pledges and guarantees provided by our Controlling Shareholders and their respective close associates on our Group's borrowing will also be fully released upon [REDACTED].

Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates. In addition, we have our own internal control systems, accounting and finance department, independent treasury function for cash receipts and payment and independent access to third-party financing. Our Directors believe that we are capable of obtaining financing from external sources without reliance on our Controlling Shareholders.

Based on the above, our Directors are of the view that our Company will have the ability to operate independently from our Controlling Shareholders and their respective close associates from a financial perspective and to maintain financial independence from our Controlling Shareholders and their respective close associates.

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CORPORATE GOVERNANCE MEASURES

Our Company will comply with the provisions of the Corporate Governance Code in Appendix 14 to the Listing Rules.

Each of our Controlling Shareholders and Directors has confirmed that he/she/it fully comprehends his/her/its obligations to act in our Shareholders' best interests as a whole. Our Directors believe that there are adequate corporate governance measures in place to manage existing and potential conflicts of interest. In order to further avoid potential conflicts of interest, we have implemented the following measures:

- (a) our Articles provided that 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/her close 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 absent himself or herself from 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 have established internal control mechanisms to identify connected transactions. Upon [REDACTED], if our Company enters into connected transactions with our Controlling Shareholders or any of his/her/its associates, the Company will comply with the applicable Listing Rules;
- (d) we are committed that our Board should include a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors. We have appointed 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 public Shareholders;
- (e) where our Directors reasonably request the advice of independent professionals, such as financial advisors, the appointment of such independent professionals will be made at our expenses;
- (f) the independent non-executive Directors will review, on an annual basis, the compliance with the non-competition undertakings under the Deed of Non-competition by our Controlling Shareholders, the options, pre-emptive rights or first rights of refusals provided by our Controlling Shareholders on their existing or future competing businesses; and

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- (g) we have appointed CMBC International 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.

Based on the above, our Directors are satisfied that sufficient corporate governance measures have been put in place to manage conflicts of interest between our Group and our Controlling Shareholders, and to protect minority Shareholders' interests after the [REDACTED].