
COOPERATION WITH CELEBRITIES

INTRODUCTION

We cooperate with celebrities from time to time to implement our business plans. Our cooperation with celebrities are important to our business model as (i) our IP creation and operation segment is a standalone revenue-generating business segment; and (ii) proprietary IPs we created empowers our new retail business through creating promotional effect on our products. During the Track Record Period, we have cooperated with various celebrities, including Mr. Jay Chou, Mr Liu Keng-hung, Ms. Vivi Wang and Mr. Fang, for different aspects of our business operations.

COOPERATION RELATIONSHIP WITH MR. JAY CHOU

We have established long-term cooperation relationship with Mr. Jay Chou, JVR Music (Mr. Jay Chou’s artiste management company) and Archstone (Mr. Jay Chou’s representative for business negotiations in respect of one off or project based engagement). JVR Music is owned by Mr. Yang, Mr. Jay Chou, Mr. Fang and Ms. Yeh as to 45%, 40%, 10% and 5% respectively. Mr. Jay Chou is a founder of JVR Music, and Mr. Fang is our chief cultural officer. Archstone is wholly-owned by Mr. Chen. Our Founders, Controlling Shareholders and/or non-executive Directors include Ms. Yeh (Mr. Jay Chou’s mother) and directors and controlling shareholders of JVR Music or Archstone, namely, Mr. Yang and Mr. Chen, respectively, and these parties have substantial influence over our overall development and business strategies.

During the Track Record Period, we collaborated with Mr. Jay Chou, JVR Music and/or Archstone through various business undertakings, such as (i) being a planner and/or an investor to large-scale concerts featuring Mr. Jay Chou, including one concert in each of 2019 and 2020, where we procured Mr. Jay Chou to perform at such concerts through Archstone; (ii) being the lead creator of *J-Style Trip*, where we procured Mr. Jay Chou to appear and obtained the right to use Mr. Jay Chou’s publicity rights through Archstone; (iii) jointly developed and owned the *ChouMate* trademarks with JVR Music; and (iv) entered into a 10-year IP Authorization Agreement with JVR Music pursuant to which we have secured an exclusive right in relation to projects related to *ChouMate* and a non-exclusive priority right to invest in projects related to Mr. Jay Chou and his IPs globally. Through such collaborations, Mr. Jay Chou, JVR Music, Archstone and us established a mutually beneficial relationship in which we help solidify Mr. Jay Chou’s popularity among our consumers and unique celebrity IPs centered around Mr. Jay Chou empower our new retail business through creating promotional effect for our products. Our synergistic relationship with them is expected to continue in the future.

We have entered into the cooperation agreements on *ChouMate* and IP Authorization Agreement with JVR Music with the details set out below.

COOPERATION WITH CELEBRITIES

1. Cooperation agreements with JVR Music on *ChouMate*

In August 2019 and September 2019, we entered into cooperation agreements with JVR Music and agreed, amongst others, to jointly develop and own the *ChouMate* trademarks, and JVR Music has the final right to approve our use of any *ChouMate* trademarks. As advised by the IP Counsel, as the *ChouMate* trademarks originated from the image of Mr. Jay Chou, it is in line with industry norm for the artiste management company of Mr. Jay Chou, to retain such right as the use of the *ChouMate* trademarks may affect Mr. Jay Chou's reputation and goodwill, which determines the commercial value of an artist. Against this background, the final right of approval is one of the safeguards put in place by JVR Music to ensure Mr. Jay Chou's reputation and goodwill are preserved and that his interest will not be prejudiced. During the Track Record Period, we never encountered any difficulty in obtaining JVR Music's consent in our endeavors to use or license any *ChouMate* trademarks.

Based on the views of the IP Counsel, our Directors and the Sole Sponsor are of the view that, as a co-owner of the *ChouMate* trademarks, our ownership of and legal entitlement to the exclusive rights to use the *ChouMate* trademarks in accordance with the agreements with JVR Music will not be affected even if there is any change in the ownership of JVR Music. Since our cooperation with JVR Music on *ChouMate* and its related projects precedes the entering of the IP Authorization Agreement, as advised by the IP Counsel, we have the right to use the *ChouMate* trademarks irrespective of the IP Authorization Agreement, since our ownership in, and our rights as a co-owner of the *ChouMate* trademarks are perpetual.

Our Directors are of the view that Mr. Jay Chou, *ChouMate* and our reputation will be safeguarded as (i) JVR Music and us are committed to maintain and protect the reputation of Mr. Jay Chou and *ChouMate* to protect our common interests; (ii) given that we are the only party authorizing other third parties for *ChouMate* Projects, we will only grant licenses to trusted partners and we can constantly monitor, supervise and direct the use of any *ChouMate* trademarks; and (iii) we can identify counterfeit goods bearing *ChouMate* trademarks and take suitable enforcement actions to eliminate them from the market.

2. IP Authorization Agreement with JVR Music on *ChouMate* Projects

To formalize our long cooperation relationship with JVR Music and to ensure the continuity thereof, on August 30, 2021, we entered into the IP Authorization Agreement with JVR Music. Pursuant to the IP Authorization Agreement, for a term of 10 years that can be renewed by us for an additional 10 years, we have secured (a) an exclusive right to conduct projects based on *ChouMate* globally; and (b) a non-exclusive priority right to invest in certain types of projects.

COOPERATION WITH CELEBRITIES

Terms of the IP Authorization Agreement

Set out below is a summary of various rights granted to us by JVR Music under the IP Authorization Agreement:

Exclusive rights Planning, development, investment and other commercial projects based on *ChouMate* globally ("***ChouMate Projects***")

JVR Music further agreed not to carry out the *ChouMate* Projects with any third parties without our prior approval. Since JVR Music is principally engaged in artiste management, our Directors are of the view that chances which JVR Music would exercise its right to carry out the *ChouMate* Projects on its own are remote.

Non-exclusive priority rights ^(Note 1)

- (1) Design, create, plan, develop and invest in virtual idols centered on Mr. Jay Chou's image in anime and movies projects
- (2) Design, create, plan, develop and invest and launch of certain shows (including variety shows designed and developed by Mr. Jay Chou, but excluding performances, music awards ceremonies, music magazines etc. where Mr. Jay Chou participates solely in his capacity as a singer and programs within the scope of JVR Music's agency business, including but not limited to Mr. Jay Chou appearing as a guest, mentor, guest host, performing artist or guest interviewee on programs)
- (3) Investing in JVR Music's and/or Mr. Jay Chou's Hollywood Movies (as defined in the IP Authorization Agreement)

Note:

1. We have the right to invest in these projects which can be proposed by other third parties. For any such projects proposed by a third party and accepted by JVR Music to be carried out by a third party, JVR Music will, to the extent within its power, invite us to co-invest in such projects on a priority basis. For any such projects proposed by us and accepted by JVR Music to be carried out by us, we will develop such projects and enjoy the priority right to decide whether to develop such projects by ourselves or together with other third parties.

COOPERATION WITH CELEBRITIES

Other rights

- (1) Arranging Mr. Jay Chou to participate and attend commercial concerts hosted, invested or sponsored by us, as well as the promotion activities of such concerts
- (2) Investing in Mr. Jay Chou's personal concerts or other concerts where Mr. Jay Chou is the main performer
- (3) Procuring Mr. Jay Chou's participation and/or attendance of events and activities in relation to Star Plus Projects (as defined below)

Other major terms of the IP Authorization Agreement are summarized as follows:

Ownership of intellectual property rights

- Projects that needs to combine or utilize JVR Music's or Mr. Jay Chou's works shall be authorized by JVR Music separately, and the ownership of intellectual property rights of such projects will be separately agreed with JVR Music;
- Projects which we act as the main investor shall be fully owned by us (except for the intellectual property rights related to Mr. Jay Chou's concerts, which will be determined by the relevant concert contracts); and
- With respect to other projects which are not covered above, the intellectual property rights shall be separately agreed with JVR Music on a case-by-case basis.

Grounds of termination

The IP Authorization Agreement will be terminated if, among other things:

- (i) a fundamental breach is caused by us, which includes the use of Mr. Jay Chou's image and name in any projects or the execution of any projects contemplated under the IP Authorization Agreement ("**Star Plus Projects**") without obtaining the prior consent of JVR Music;
- (ii) any party continuously or materially breaches any provisions of the agreement and such breach is not remedied after the complying party notifies the breaching party; or
- (iii) if we are not [REDACTED] on or before [REDACTED] (the "**Early Termination Right**").

COOPERATION WITH CELEBRITIES

Our non-exclusive priority rights in projects associated with Mr. Jay Chou

The above non-exclusive priority rights provide us with the opportunity to participate in all projects associated with Mr. Jay Chou in these agreed respects. Our Directors consider it reasonable that any proposal of these projects will need to be accepted or approved by JVR Music, as (i) the projects will utilize Mr. Jay Chou's related IP and therefore, JVR Music should have the right to accept or approve the projects on behalf of Mr. Jay Chou; (ii) JVR Music shall select suitable projects which can benefit Mr. Jay Chou or his career development; and (iii) JVR Music needs to ensure that the proposed projects would not, among others, be derogatory to Mr. Jay Chou's reputation and/or image, or result in any breach of pre-existing contracts or commitments. We believe it is also an industry norm for artiste management companies to have similar approval right in respect of any projects involving its artists and/or the artist's image, publicity rights or intellectual property rights for the above reasons. During the Track Record Period and up to the Latest Practicable Date, there was no occasion of us being rejected by JVR Music in relation to any projects associated with Mr. Jay Chou, including those which we have non-exclusive priority rights under the IP Authorization Agreement.

Authorization of JVR Music to enter into the IP Authorization Agreement and our rights to use the Relevant IP Rights

JVR Music confirmed that it has obtained all necessary authorizations to enter into the IP Authorization Agreement and is capable of performing its obligations thereunder. Given: (i) the cooperation between JVR Music and Mr. Jay Chou in the past 14 years; and (ii) JVR Music confirmed that it shall continue to be Mr. Jay Chou's artiste management company at least until December 30, 2031, our Directors do not expect that there will be material change in relationship between JVR Music and Mr. Jay Chou during the term of the IP Authorization Agreement.

Mr. Jay Chou also provided us a confirmation (the "**Confirmation**") that: (i) the authorization given by JVR Music to us under the IP Authorization Agreement (and agreements derived therefrom) will not be affected due to any change in the cooperation relationship between JVR Music and him. If JVR Music is no longer the artiste management company of Mr. Jay Chou, JVR Music would continue to retain the requisite authorization to perform its obligations under existing contracts, including its rights to authorize us to use the relevant publicity rights and other intellectual property of Mr. Jay Chou (the "**Relevant IP Rights**"); and (ii) if JVR Music is unable to authorize us to use the Relevant IP Rights (other than due to our breach of the IP Authorization Agreement), Mr. Jay Chou agrees to procure his then agent to enter into a new IP authorization agreement with us on terms substantially the same as those of the IP Authorization Agreement. As advised by the IP Counsel, (i) the Confirmation is legally binding and enforceable since the essential elements of a valid and binding contract under Hong Kong law are present; (ii) the Confirmation remains binding and enforceable against Mr. Jay Chou regardless of the governing law of future agreements to be entered into between Mr. Jay Chou and his then agent; and (iii) the Confirmation enables us to continue to enjoy the rights to use the Relevant IP Rights. Accordingly, our Directors are of the view, and the Sole Sponsor concurs, that our interests under the IP Authorization Agreement would not be prejudiced and

COOPERATION WITH CELEBRITIES

our cooperation with Mr. Jay Chou can be safeguarded, even if another party becomes Mr. Jay Chou’s agent during the term of the IP Authorization Agreement.

Whether JVR Music would exercise the Early Termination Right

The Early Termination Right was agreed based on the commercial rationale that we would have more resources to implement the potential cooperation under the IP Authorization Agreement upon our [REDACTED]. In that case, we believe that it is also logical that Mr. Jay Chou and JVR Music would have more incentive to further strengthen their cooperation with us after our [REDACTED] if we have more resources and capacity in creating sizable events and programs to further enhance his public exposure and raise his popularity, as we could gain access to capital market, and apply funds raised on our IP creation and operation segment. Please see the paragraph headed “Mutual beneficial relationship between our Group and Mr. Jay Chou” below for details. To our best knowledge, given the long-standing cooperation between JVR Music and us, we understand that JVR Music would not exercise the Early Termination Right even if we are not [REDACTED] by [REDACTED] as long as we remain capable in providing the backing required by JVR Music and possess the relevant resources and connections to execute the Star Plus Projects.

Our recourse if there is negative publicity surrounding Mr. Jay Chou

We do not have the unilateral right to terminate the IP Authorization Agreement in situations where there is negative publicity surrounding Mr. Jay Chou, and such rights are unnecessary because we do not commit ourselves to any potential projects or are required to perform any positive obligations thereunder. In the unlikely event that there is negative publicity surrounding Mr. Jay Chou, we retain the power to decide whether to cooperate with JVR Music on Star Plus Projects that have not materialized; and for Star Plus Projects that we have committed, we will decide how they should be proceeded based on the separate agreement to be entered for each project which sets out the major terms (typically including back-to-back indemnification clauses where JVR Music would indemnify us in the event Mr. Jay Chou is associated with negative publicity, the termination cost (if any)). If we decide to terminate such projects, our operations and results of may be adversely affected, please refer to the section headed “Risk factors – Risks relating to our business and industry – We rely on our cooperation with celebrities such as Mr. Jay Chou, Mr. Liu Keng-hung, Ms. Vivi Wang and Mr. Harlem Yu etc. in our businesses, and any negative impact on such celebrities’ reception by or exposure to our consumers may have material adverse effects on our business, financial position and results of operations.” in this document for details.

Long-term, stable and secure relationship with Mr. Jay Chou’s agent and representative

We believe that we have established and maintained a long-term, stable and secure relationship with Mr. Jay Chou through JVR Music and/or Archstone by (a) being engaged in media content production and event planning that were related to him when we procured Mr. Jay Chou to perform at concerts planned and/or invested by us, and to appear in *J Style Trip* season one and obtained right to use IPs related to Mr. Jay Chou in the show and (b) through the

COOPERATION WITH CELEBRITIES

10-year IP Authorization Agreement. We believe the rights given to us under the IP Authorization Agreement and its term demonstrates that Mr. Jay Chou will collaborate with us on a long-term basis.

In addition, we understand that Mr. Jay Chou has maintained a stable and long-term relationship with Mr. Yang and Mr. Chen through JVR Music and Archstone, respectively, and we believe the relationship between them reduces the risk of us not being able to cooperate with Mr. Jay Chou as Mr. Yang and Mr. Chen are our Founders, Controlling Shareholders and non-executive Directors. Further, Mr. Jay Chou's relationship with each of JVR Music, Archstone, Mr. Yang, Ms. Yeh and Mr. Chen will not have any restriction on our business activities.

Mr. Jay Chou's relationship with JVR Music

JVR Music is Mr. Jay Chou's agent since 2008 which possesses the exclusive right to deal with the copyright in all of Mr. Jay Chou's lyrics, music works, audio-visuals and video works and Mr. Jay Chou's publicity rights for and on behalf of Mr. Jay Chou. JVR Music has been and is under Mr. Jay Chou's authorization to use Mr. Jay Chou's publicity rights, and handle Mr. Jay Chou's commercial licensing activities globally.

In the event Mr. Jay Chou's relationship with JVR Music or its directors and shareholders deteriorates, his cooperation with us will not be substantively affected as (i) our cooperation with JVR Music and Mr. Jay Chou under the IP Authorization Agreement will not be affected; (ii) we have the proprietary right to use the *ChouMate* trademarks; (iii) we are the co-owner of the copyrights and other related intellectual property rights of *J-Style Trip* created by us; and (iv) Mr. Jay Chou's publicity rights are personal to him, and he may enter into project-based engagements with us. For details, please see the sub-paragraph headed "Mutual beneficial relationship between our Group and Mr. Jay Chou".

Mr. Jay Chou's relationship with Archstone

Archstone represents Mr. Jay Chou in business negotiations in respect of one-off or project-based management under the authorization and consent of JVR Music, such as product endorsements and commercial concerts in the PRC. Archstone does not possess any of Mr. Jay Chou's intellectual property rights and publicity rights or any rights to deal with the foregoing for and on behalf of Mr. Jay Chou, and it shall enter into one-off authorization agreement(s) with JVR Music on a case by case basis which sets out the specific scope of authorization. Hence, any change in the relationship between Mr. Jay Chou and Mr. Chen or Archstone, would not have impact on our business activities.

As advised by the IP Counsel, and our Directors and the Sole Sponsor concur, our interest with respect to Mr. Jay Chou's intellectual property rights under the IP Authorization Agreement will not be affected even if Archstone is able to use Mr. Jay Chou's intellectual property rights because Archstone's right to enter into engagements on behalf of Mr. Jay Chou and to use Mr. Jay Chou's publicity and intellectual property rights originates from JVR Music. It follows that

COOPERATION WITH CELEBRITIES

since JVR Music is required to comply with the terms of the IP Authorization Agreement, it will not grant any rights to Archstone to such extent that would render it breaching the IP Authorization Agreement.

Impact of Mr. Jay Chou's commercial activities other than those with our Group

Mr. Jay Chou also carries out commercial activities with parties other than us (including his personal concerts, appearance in programs not planned by us, or acting as the spokesperson for other brands or products), and such activities may impose restrictive covenants on Mr. Jay Chou. Such restrictive covenants affects the scope of the Star Plus Projects that can be carried out. However, JVR Music, in its capacity as an artiste management company, would ensure that restrictive covenants that Mr. Jay Chou is required to comply do not affect his ongoing cooperations with us. We do not believe Mr. Jay Chou's commercial activities other than those with us poses risk or has any adverse impact to our business activities because we can always cooperate with other celebrities if we have a concrete business initiative or work on projects with Mr. Jay Chou outside such restrictive covenants on him.

Mutual beneficial relationship between our Group and Mr. Jay Chou

Our Directors are of the view that there is a mutual beneficial relationship between our Group and Mr. Jay Chou. Our IP creation capacity was critical to the creation of our IPs, including but not limited to those associated with Mr. Jay Chou, such as *ChouMate* and *J-Style Trip* season one. Our celebrity IPs have empowered our brands, products and distribution network by creating a promotional effect. Licensing of such IPs to third parties raised Mr. Jay Chou's popularity.

On the other hand, as a leading figure in China's entertainment industry, Mr. Jay Chou has a large fan base and can attract significant interest to products associated with him, which has empowered our new retail operations. We believe the image of Mr. Jay Chou has remained positive, and he has continued to exert positive influence on the public. We also believe Mr. Jay Chou will continue to be a well-regarded celebrity in the near future, thereby continuing to contribute to our operations through the empowerment achieved by his celebrity IP.

In addition, our Directors are of the view that there may only be a handful of celebrities that have a similar level of popularity and influence as compared to Mr. Jay Chou. Notwithstanding the fact that it is rare for artists to enter into long-term and wide-ranging cooperation agreement with business partners in the China market, we were able to secure long-term collaborations with Mr. Jay Chou through the IP Authorization Agreement. Going forward, we will continue to leverage our long-term cooperative and mutually beneficial relationship with Mr. Jay Chou.

COOPERATION WITH CELEBRITIES

Mr. Jay Chou’s significance to our business operation

Mr. Jay Chou’s role in our business operations

We heavily rely on Mr. Jay Chou on both our new retail business and IP creation and operation business. In respect of IP creation and operation business, as discussed in the section headed “Business – Our business – IP creation and operation” in this document, Mr. Jay Chou was an inspiration source for creation of IPs or one of the performers in our IP contents. Our Group generated revenue from (a) IPs that centered around Mr. Jay Chou in 2020, with the airing of *J-Style Trip* season one in early 2020; and (b) various events planning and programs with creation and operation that involved Mr. Jay Chou as one of the performers throughout the Track Record Period. Since 2021, revenue derived from our IP creation and operation business has been diversified and we generate revenue from cooperation with other celebrities, namely, Mr. Harlem Yu and Mr. Liu Keng-hung. During the Track Record Period, our IP creation and operation that centered around Mr. Jay Chou or involved him as one of the performers accounted for 5.7%, 19.6%, 9.1% and 13.3% of our total revenue for the four years ended December 31, 2022, respectively.

In respect of new retail business, our Group’s major product, *MODONG* coffee, had used the empowerment of Mr. Jay Chou to create promotional effect, including the use of *ChouMate* on the product’s packaging and featuring such product in *J-Style Trip* season one. During the Track Record Period, sales of our products under the new retail segment whereby the promotional activities involved Mr. Jay Chou or his related IPs accounted for 83.0%, 72.8%, 64.8% and 45.2% of our total revenue, respectively.

COOPERATION WITH CELEBRITIES

Our business has remained sustainable after the broadcast of *J-Style Trip* season one in 2020. Set forth below is a breakdown of our revenue which was: (i) products under the new retail segment that the promotional activities of which included involvement of Mr. Jay Chou or his related IPs; (ii) products under the new retail segment that promotional activities of which did not include involvement of Mr. Jay Chou or his related IPs; (iii) IP creation and operation that centered around Mr. Jay Chou or involved him as one of the performers; and (iv) IP creation and operation that was not centered around or significantly related to Mr. Jay Chou or his related IPs for the years indicated:

		Year ended December 31,							
		2019		2020		2021		2022	
		RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
New Retail									
<i>Empowered by Mr. Jay Chou and his related IPs</i>									
– MODONG coffee <i>ChouMate</i> edition ⁽¹⁾	A	–	–	135,195	29.6	110,663	30.3	85,452	24.8
– MODONG coffee traditional edition ⁽¹⁾	A	71,927	83.0	197,673	43.2	117,109	32.1	65,431	19.0
Sub-total		71,927	83.0	332,868	72.8	227,772	62.3	150,883	43.8
– Other health management products	A	–	–	–	–	8,325	2.3	3,527	1.0
– Others	A	–	–	–	–	676	0.2	1,240	0.4
<i>Not empowered by Mr. Jay Chou or his related IPs</i>									
<i>Health Management Products</i>									
– MODONG probiotics lyophilized powder	B	–	–	–	–	13,076	3.6	11,585	3.4
– MODONG herb beverage	B	–	–	–	–	14,185	3.9	5,829	1.7
– MODONG light brewed coffee		–	–	–	–	–	–	8,628	2.5
– Matcha powder		–	–	–	–	–	–	24,049	7.0
– Products under <i>Dr. INYOU</i> brand	B	–	–	–	–	5,845	1.6	3,367	1.0
– Other health management products	B	–	–	7,919	1.7	6,058	1.7	8,168	2.4
<i>Skincare products</i>									
– <i>LA DEW</i> Facial Mask	B	3,450	4.0	14,347	3.1	5,132	1.4	419	0.1
– Products under <i>Dr.mg</i> sub-brand	B	–	–	6,058	1.3	12,677	3.5	12,540	3.6
– Products under <i>Chaxiaojie</i> sub-brand	B	–	–	17	0.0	3,465	0.9	3,313	1.0
<i>Others</i>	B	5,420	6.3	3,966	0.9	4,184	1.1	6,551	1.9
Sub-total		80,797	93.3	365,175	79.9	301,395	82.5	240,099	69.8

COOPERATION WITH CELEBRITIES

Notes:

- (1) During 2019, we did not use any celebrity IP in the empowerment of the sale of our *MODONG* coffee. We promoted our *MODONG* coffee through (a) *J-Style Trip* season one; and (b) the launching of a special edition of *MODONG* coffee with illustration of *ChouMate* being displayed on the packaging thereof (the i.e. the *ChouMate* Edition). Since July 2020, while we have continued to sell part of our *MODONG* coffee under the *ChouMate* Edition, we had not conducted any event or program with the use of Mr. Jay Chou-related IPs comparable to *J-Style Trip* season one for the empowerment of our *MODONG* coffee and other products.
- (2) Mainly represented our revenue generated from (i) the airing of *J-Style Trip* season one in 2020; and (ii) a World-Cup related program, a promotional video relating to *J-style Trip* season two and a new music album of Mr. Jay Chou and an online music show centered around Mr. Jay Chou broadcasted during the fourth quarter of 2022.
- (3) Represented revenue generated from various events and programs that Mr. Jay Chou appeared as one of many performers or guests (where applicable). Despite Mr. Jay Chou was only one of many guests appeared in such events and programs, the Group was only responsible for creating Mr. Jay Chou-related content for these events and programs.
- (4) Represented revenue from licensing of *ChouMate* and sale of related products.
- (5) Represented revenue generated from (i) programs which were centered around celebrities other than Mr. Jay Chou, including *You Can Run But You Can't Hide* (既來之則樂之) that was centered around Mr. Harlem Yu and featured other guests including Mr. Jay Chou; and a variety show that was centered around Mr. Liu Keng-hung and featured other celebrities. Apart from appearing as one of the guests, Mr. Jay Chou was not involved in the relevant events and programs; and (ii) other events and/or programs that were totally unrelated to Mr. Jay Chou.
- (6) The increase in our revenue generated from events and IP programs that was unrelated to Mr. Jay Chou or his related IP increased from RMB29.5 million in 2021 to RMB57.7 million in 2022 was mainly attributable to our cooperation with Mr. Liu Keng-hung since November 2021, including revenue generated from 618 streaming session and other Livestreaming sessions that were centered around Mr. Liu Keng-hung.

Sustainability of our operation

Based on the followings, we consider that our new retail business, in particular, sales of *MODONG* coffee has remained sustainable after the airing of *J-Style Trip* season one and the extensive use of Mr. Jay Chou-related IPs:

a. Health management products:

(i) *MODONG* coffee

Sales of *MODONG* coffee was not material in 2019 as it was only launched in April 2019. With the IP empowerment effect brought by *J-Style Trip* season one and the introduction of special edition of *MODONG* coffee with packages featuring *ChouMate*, the sales of our *MODONG* coffee has increased significantly in 2020.

COOPERATION WITH CELEBRITIES

Our Directors believe that the decline in our Group’s sales revenue in 2021 and 2022 was mainly due to (i) the cessation of material promotional effect of the airing of *J-Style Trip* season one since July 2020; and (ii) the temporary disruptions to, among others, the operation of our logistics and delivery service providers, the organization of offline sales and marketing activities, as a result of the implementation of the strict measures to combat the outbreak of Omicron variant of COVID-19, instead of due to the end of its product life cycle for this product.

Set forth below is the average monthly sale volume (boxes) per quarter of our *MODONG* coffee during the each of the four years ended December 31, 2022:

	Year ended December 31,			
	2019	2020	2021	2022
	(boxes)			
First quarter	–	140,000	188,000	102,000
Second quarter	74,000 ⁽¹⁾	550,000	200,000 ⁽²⁾	114,000
Third quarter	59,000	223,000	134,000 ⁽³⁾	75,000
Fourth quarter	79,000	191,000	189,000 ⁽²⁾	169,000

Notes:

1. *MODONG* coffee commenced its nationwide distribution in April 2019. Therefore, there had been no sale record for the first quarter of 2019.
2. For second quarter 2021, particularly in April and June, there was promotional effect of (i) the airing of a reality show about traveling and Chinese culture, namely *The Journey of Poetic Soul* season two (還有詩和遠方2); and (ii) launching of promotional campaign where discounts and gifts were offered when purchasing *MODONG* coffee. In December 2021, there was promotional effect of the airing of another variety show about traveling, namely *The Shape of Culture* season two (萬里走單騎2). Such programs were not produced by us but we promoted *MODONG* coffee therein through placing TV advertisement. Such programs featured different celebrities, and Mr. Jay Chou was not involved in that variety show at all.
3. The decrease in the sale volume of our *MODONG* coffee in the third quarter of 2021 was mainly due to the shift in the management’s focus to prepare for the [REDACTED] in which resources were temporarily allocated to, among others, preparation of various [REDACTED] works and documents, strengthening of our internal control and corporate governance and management of our distribution network. The sale function of our distribution network was also temporarily affected as we imposed additional requirements on the distributors and sub-distributors in order to strengthen our internal control.

We believe that the market demand for bulletproof coffee remains strong, based on the following facts:

- (i) Market demand for bulletproof coffee in general

The concept of bulletproof coffee was first commercialized in China since 2016. The market size of China’s bulletproof drink market increased from

COOPERATION WITH CELEBRITIES

RMB0.3 billion to RMB3.2 billion in terms of GMV, at a CAGR of 60.0% from 2016 to 2021. In addition, bulletproof coffee currently constitutes the largest segment in China's bulletproof drinks market which accounted for over 80% of the bulletproof drinks market in 2021.

The market size of bulletproof coffee in the PRC only recorded a relatively small growth between 2020 and 2021 from RMB3.1 billion in 2020 to RMB3.2 billion in 2021 due to the implementation of various strict measures in different regions across the PRC, including city-wide static management control measures.

With recent relaxation of restrictions to combat the COVID-19 in the PRC, it is expected that the economy in the PRC will be stabilized and resume to rational growth from 2023 onwards. Thus, it is expected that the market size of bulletproof coffee will reach RMB7.6 billion in 2026, at a CAGR of 18.7%.

(ii) Market demand for and our ability to sustain sales of *MODONG* coffee

We believe we have built a brand name of our own in the bulletproof drink market, as evidenced by the fact that we ranked first in China's bulletproof drink industry in terms of GMV in both 2020 and 2021, with a market share of 25.6% in 2021. With the continuous growth of market size in China's bulletproof drink industry and our current leading position, our Directors believe that the demand for our product will not deteriorate in the foreseeable future.

Our Directors consider that sales of *MODONG* coffee, similar to any other products in the retail industry, is subject to, among other things, our allocation of resources and the level of sales and marketing activities organized for the product.

Despite the outbreak of COVID-19 which adversely affected the general consumption behavior of consumers in the PRC during 2022, we continued to rank first in the bulletproof drink market in the PRC in 2022 since our *MODONG* coffee is perceived by end consumers as a product of good quality and has effective features. Thus, we believe the demand of our *MODONG* coffee will resume back to normal gradually in 2023 and going forward having considered that, despite the impact of the increase in COVID-19 cases in the first quarter of 2023 immediately following the relaxation of restrictive measures, our Group received orders of *MODONG* coffee placed by our distributors of approximately 510,000 boxes in the first quarter of 2023, which was (a) comparable to the number of orders of *MODONG* coffee placed by our distributors of approximately 520,000 boxes during the first quarter of 2022; and (b) higher than the average quarterly orders of *MODONG* coffee placed by our distributors of approximately 330,000 boxes in 2022, during which control measures were imposed in the PRC from time to time in response to the Resurgence. In addition, we expect that more offline marketing activities would be resumed by Kunshan

COOPERATION WITH CELEBRITIES

Tingshe and our distributors in 2023 following the relaxation of restrictions to combat the COVID-19 in the PRC. 35 distributors promotion meetings were organized in the first quarter of 2023, as compared to only seven for the same period in 2022.

As such, our Directors believe we could remain competitive against our competitors by being the leading industry leader of the bulletproof drink market in the PRC and the overall sales of *MODONG* coffee in foreseeable future is sustainable and there is no apparent sign of decline in demand permanently.

(ii) *Our other health management products*

Other than *MODONG* coffee, we diversified our product portfolio by launching various new products, such as *MODONG* herb beverage and *MODONG* probiotics lyophilized powder in October 2021, that were not empowered by any celebrity IPs. In addition, we also launched new products, namely matcha powder and *MODONG* light brewed coffee, which we sold through E-commerce Livestreaming sessions feature celebrities and KOLs, including Ms. Vivi Wang.

- b. Skincare products: Even without celebrity IPs’ empowerment, our Group recorded a significant growth in its sales of skincare products during the Track Record Period. Revenue derived from skincare products increased by more than 500% between 2019 and 2021, which was mainly attributable to the introduction of new products, namely products under *Dr.mg* sub-brand, which were sold through our distribution network.

With sizeable market size of each of consumer health community-based social e-commerce industry and beauty and personal care products community-based social e-commerce industry, and expected continuous growth in market size for both industries, we believe that there will continue to be market demand in our new retail products, including those new health management and skincare products to be launched by our Group in the future.

Major collective factors to our success other than Mr. Jay Chou-related IPs

Although we successfully leveraged on Mr. Jay Chou’s influence to achieve the significant growth of our business during the Track Record Period, in particular in the first half of 2020, our Directors consider the empowerment of Mr. Jay Chou-related IPs is not the sole and dominant factor for our Group’s success. The success of *MODONG* coffee, which is similar to any other retail products, de facto depends on a number of other critical factors.

COOPERATION WITH CELEBRITIES

We believe each of the following factors is equally important and contributed to our success:

1. ***Various sales and marketing means*** – We promote our products: (i) by word-of-mouth through KOCs; (ii) through traditional sales and marketing methods, such as TV sponsorship, providing trial samples and packages, providing after sales services etc.; and (iii) through empowerment of our IP creation and operation business, such as Mr. Jay Chou-related IPs, i.e. using *ChouMate* trademark on packaging and featuring *MODONG* coffee in *J-Style Trip* season one by way of placing advertisement and/or product placement in such TV program. Our ability to combine our product portfolio to the use of its distributorship network and creative use and creation of IP and other marketing means for the promotion of our products in ways that save direct advertising costs;
2. ***Development and introduction of suitable new products*** – We have the ability to identify, research and develop, manufacture through contract arrangement and market *MODONG* coffee as our main product, which is well-received by end consumers. We believe such ability was critical to our significant growth during the Track Record Period;

Leveraging our experience in the successful commercialization of *MODONG* coffee, we are able to continue to develop and introduce new products to the market and accordingly diversify our product offerings which will generate growth in our business, such as *MODONG* probiotics lyophilized powder, and *MODONG* herb beverage etc.. Our management’s abilities and insight in strategic planning and deployment of our products in the new retail segment were key to our quick expansion into the market within a short period of operations, thus helping us become one of the growing new retail operators in China with a focus on the sales of health management and skincare products primarily through social e-commerce channel. Without such capability, our Group would not be able to identify bulletproof coffee as a product that has sufficient unsatisfied market demand in the first place, and subsequently develop a product recipe and formula that finds favor among target consumers; and

3. ***Establishment of extensive sales channels*** – We were able to quickly establish our distribution network together with Kunshan Tingshe, which remains our strategic and long-term partner in our new retail business. By leveraging KOC’s influence and PDT centered marketing strategies, our distribution network model is tailor-made for the new retail business which helps to extend our consumer reach, increase the awareness of our products through community and word-of-mouth promotion, and raise the sales volume of our products in the long term. We also developed e-commerce channels, where we could directly sell our products to end consumers through various online platforms, namely *Douyin* stores (which would normally be linked to E-commerce Livestreaming sessions of our celebrities or KOLs that promote our products).

COOPERATION WITH CELEBRITIES

Our Directors consider the aforementioned factors will remain as the major and collective factors to the success and sustainability of our Group, rather than the standalone empowerment of Mr. Jay Chou-related IPs (being a sales marketing strategy), especially after *MODONG* coffee has become a leader in the bulletproof coffee market in the PRC. Based on the foregoing, our Group is able to conduct and sustain its business with the reduction of involvement of Mr. Jay Chou.

COOPERATION WITH MR. LIU KENG-HUNG AND MS. VIVI WANG

In November 2021, we established Talent Planet, a company held as to 70% by our Group and 30% by W&V, the artiste management company of Mr. Liu Keng-hung. Talent Planet entered into an agreement (being one of the Liu’s Performance-related Cooperation Agreements) with Mr. Liu Keng-hung and W&V, pursuant to which Talent Planet shall provide planning and management services in respect of the entertainment and performance business of Mr. Liu Keng-hung in the PRC. Since then, we have been in active collaboration with Mr. Liu Keng-hung in his development into a KOL in the fitness and body-building sector in the PRC. Mr. Liu Keng-hung has been sharing workout videos on *Douyin*, featuring calisthenics originated from him, and his videos have become very popular since April 2022. The number of followers of Mr. Liu Keng-hung’s *Douyin* account achieved a tenfold increase of 60 million new followers from April 2022 to May 2022. We believe such monthly growth in the number of followers was the fastest amongst all other accounts on *Douyin* in history so far. As at December 31, 2022, the number of followers of Mr. Liu Keng-hung’s *Douyin* account further increased to approximately 71.5 million.

By appearing in Mr. Liu Keng-hung’s Livestreaming sessions, Ms. Vivi Wang, has also gained popularity and attracted many followers. Ms. Vivi Wang has gained close to 4 million followers from April 2022 to June 2022, reaching approximately 4.2 million as of December 31, 2022.

With Mr. Liu Keng-hung and Ms. Vivi Wang gaining more popularity, we believe it would attract more opportunities for us to create more IPs, including TV programs, centered around them, in particular Mr. Liu Keng-hung. Thus, going forward, apart from creating more Mr. Liu Keng-hung-related IPs, including but not limited to, TV programs and nijigen-style personality(ies), it is our plan to leverage on his popularity to use such IP(s) to promote our new retail products by way of various means, such as featuring products in TV programs by way of placing advertisements and/or product placement to enhance product and brand exposure and placing nijigen-style personality(ies) on the packaging of our product(s) which would bring significant promotional effect to us. We believe that the remarkable achievement of Mr. Liu Keng-hung demonstrated our ability in collaborating with different celebrities to create popular IPs.

COOPERATION WITH CELEBRITIES

Cooperation under our IP creation and operation business

Cooperation in respect of events and IP programs of Mr. Liu Keng-hung

(a) Livestreaming and performances of Mr. Liu Keng-hung

Mr. Liu Keng-hung mainly shares workout videos during Livestreaming on his *Douyin* account, featuring calisthenics originated from him. As part of our celebrity IP management services, we are involved in the planning and development of Mr. Liu Keng-hung’s public persona and profile on social medial platforms in order to attract audiences and/or followers with similar interests or concerns. In particular, we were involved in advising and selecting the target audience and originating and preparing the contents and presentation of his Livestreaming sessions, including Mr. Liu Keng-hung’s outfit, the guest(s) to be invited, how the rhythm of Livestreaming sessions are controlled, and how Mr. Liu Keng-hung and his guest(s) interact with audiences of Livestreaming sessions, which are very critical in catching the attention of audiences and conveying the appropriate message to them.

The popularity of Mr. Liu Keng-hung has shown great potentials for various kinds of brand owners, including sports brand owners, with products of the relevant brand owners have been placed in Livestreaming sessions, online short videos and other online and offline performance that he appears for promotion, and creating more attention in the public regarding products being promoted there. We entered into a number of cooperative agreements with third party brand owners to promote their respective products, pursuant to which, we originated or prepared the contents and presentation of Livestreaming sessions, online short videos and other online and offline performance of Mr. Liu Keng-hung, such as development of ideas and production of content that links the respective brands to its target audience in order to create promotional effect.

In addition to Livestreaming sessions, we are also involved in the planning of certain IP programs that were centered around Mr. Liu Keng-hung, including a variety show on a leading social media platform in December 2021. For details, please refer to the section headed “Business – Our business – IP creation and operation – Historical IPs and IPs pipeline”.

(b) Terms of cooperation agreements with Mr. Liu Keng-hung

On November 27, 2021, we entered into a master celebrity IP management agreement (as supplemented by a supplemental agreement dated January 3, 2022) (the “**November 2021 Agreement**”) with W&V and Mr. Liu Keng-hung, pursuant to which W&V and Mr. Liu Keng-hung appointed us to act as the sole agent to manage Mr. Liu Keng-hung’s commercial activities in the PRC. Under the November 2021 Agreement, the parties have agreed that, amongst others, Mr. Liu Keng-hung shall continue to be bound by such agreement even if W&V is no longer Mr. Liu Keng-hung’s artiste management company.

COOPERATION WITH CELEBRITIES

To set out the details of our cooperation regarding Mr. Liu Keng-hung’s entertainment and performance business in the PRC, we further entered into several cooperation agreements with, inter alia, Mr. Liu Keng-hung and W&V. In particular, Talent Planet entered into two sets of business cooperation agreements with its wholly-owned subsidiaries, conferring upon each subsidiary the non-exclusive rights to negotiate, execute and perform contracts concerning entertainment-related work involving Mr. Liu Keng-hung. Each set of business cooperation agreements consists of two agreements, one of which was entered into between Talent Planet and its subsidiary setting out the general principles of the scope of authorization (the “**Intra-group Business Cooperation Agreement**”). Another one was entered into by and among Talent Planet, the respective subsidiary and Mr. Liu Keng-hung with a key focus on revenue sharing arrangements of projects under the Intra-group Business Cooperation Agreement. The above agreements and the November 2021 Agreement are collectively referred to as the Liu’s Performance-related Cooperation Agreements.

The following summarizes the salient terms of the Liu’s Performance-related Cooperation Agreements:

Term: A term of ranging from two to three years ending on November 30, 2024. Talent Planet has the priority right to renew the relevant agreement over other third parties.

Responsibilities of parties to the agreement: Talent Planet has the exclusive right to provide planning and management services in respect of the entertainment and performance business of Mr. Liu Keng-hung in the PRC, including the strategic planning and development of Mr. Liu Keng-hung’s public persona and profile on social media platforms. W&V (where applicable) and Mr. Liu Keng-hung shall cooperate with Talent Planet in executing the strategic plans and arrangements made, including but not limited to participation of press conference, variety shows, and charitable events. Mr. Liu Keng-hung shall also maintain a positive public image, and should not be involved in any activities that damage his reputation.

Fee arrangement: For all activities, functions or collaborations carried out during the term of the relevant agreement, each of Talent Planet, W&V (where applicable) and Mr. Liu Keng-hung shall be entitled to certain proportion of the revenue derived therefrom, depending on the ways of collaborations^(note).

Termination: These agreements can be terminated by any party thereto by giving three months’ prior written notice, provided that the other party explicitly expresses that it will not perform its main obligations under the agreement, or if a party is in breach of the relevant agreement and such breach is not ratified in a reasonable time. W&V (where applicable) and Mr. Liu Keng-hung shall not terminate the relevant agreement unilaterally without prior written approval from Talent Planet.

Note: The revenue is recognized after netting off, among others, (i) the entitlements of other business partner(s) (if any); and (ii) operating costs of the relevant collaboration. Depending on the circumstances, further agreements may be entered into with specific details of the relevant collaboration and different fee allocation arrangements between the Group, Mr. Liu Keng-hung, and W&V set out therein. Depending on the relevant contract terms, we are entitled to sharing of sponsorship amounts from brand owners on agreed rates.

COOPERATION WITH CELEBRITIES

Enforceability of the agreements

As advised by the IP Counsel, the November 2021 Agreement is a tripartite agreement entered into by and among Talent Planet, W&V and Mr. Liu Keng-hung. As our subsidiary is a party to the November 2021 Agreement, we are able to procure Talent Planet to enforce the terms thereof against either or both W&V and Mr. Liu Keng-hung. Further, the November 2021 Agreement contains a clause to the effect that if Mr. Liu Keng-hung is no longer an artist under the management of W&V or otherwise W&V withdraws from collaboration projects under the November 2021 Agreement, then (i) Mr. Liu Keng-hung shall continue to perform the November 2021 Agreement; and (ii) our subsidiary shall remain as the exclusive artiste management company of Mr. Liu Keng-hung on a worldwide basis with respect to the scope of cooperation set out in the November 2021 Agreement, and Talent Planet shall separately discuss and confirm with Mr. Liu Keng-hung the manner in which Mr. Liu Keng-hung shall perform the November 2021 Agreement. In addition, any projects under the Intra-group Business Cooperation Agreement would have been entered into under the authorisation of Talent Planet (hence the authorization of Mr. Liu Keng-hung). Accordingly, the IP Counsel is of the view, and the Sole Sponsor concurs, that even if W&V is no longer Mr. Liu Keng-hung's artiste management company, Mr. Liu Keng-hung remains contractually bound by the November 2021 Agreement, hence our cooperations with Mr. Liu Keng-hung and interest under the Liu's Performance-related Cooperation Agreements will not be prejudiced in the event Mr. Liu Keng-hung is no longer an artist under the management of W&V or otherwise W&V withdraws from collaboration projects under Liu's Performance-related Cooperation Agreements, provided that the November 2021 Agreement remains valid and effective at the material time.

(c) Cooperation with the MCN Company

On November 26, 2021, Talent Planet entered into an artist cooperation agreement with the MCN Company and W&V, pursuant to which the parties agreed to cooperate in the IP content creation and management in respect of IP programs associated with Mr. Liu Keng-hung on certain designated online platforms, including *Douyin* and *Kuaishou*. Each of the MCN Company and Talent Planet would be entitled to 50% of the fees from brand owners (after deducting the relevant operating costs). Brand owners may enter into cooperation agreement with (i) the MCN Company, in which case the MCN Company would be treated as our customer who would transfer to us our share of the fees (i.e. 50% of the total fees (net of the relevant operating costs)); or (ii) our Group, in which case the brand owners would be treated as our customers and we are required to transfer to the MCN Company their share of the fees (i.e. 50% of the total fees (net of the relevant operating costs)). We would subsequently share the fees with W&V and Mr. Liu Keng-hung pursuant to the Liu's Performance-related Cooperation Agreements.

COOPERATION WITH CELEBRITIES

Cooperation in respect of events and IP programs of Ms. Vivi Wang

In July 2022, we entered into agreements with, among others, Ms. Vivi Wang regarding her entertainment and performance business in the PRC. The terms of such agreements are substantially the same as those Liu’s Performance-related Cooperation Agreements as mentioned under the paragraph headed “Cooperation in respect of events and IP programs of Mr. Liu Keng-hung” above.

We collaborate with Ms. Vivi Wang to promote our products, including Matcha powder and *MODONG* light brewed coffee, through her E-commerce Livestreaming sessions in our *Douyin* account without the involvement of Mr. Liu Keng-hung. Apart from cooperating with our Group as a KOL, Ms. Vivi Wang is also our sales and marketing director, who is mainly responsible for, together with the Group, preparing contents and presentation of E-commerce Livestreaming sessions which she appears, and promoting our products.

Cooperation in respect of nijigen-style personalities inspired by Mr. Liu Keng-hung and Ms. Vivi Wang

Apart from cooperating with Mr. Liu Keng-hung regarding his entertainment and performance business in the PRC, we also cooperated with him in creating and design nijigen-style personalities inspired by him and his spouse. As our cooperation with Mr. Liu Keng-hung and Ms. Vivi Wang regarding their respective entertainment and performance business in the PRC differ from our cooperation with them regarding nijigen-style personalities, in July 2022, we entered into the Liu-related Nijigen-style Personality(ies) Cooperation Agreement with Mr. Liu Keng-hung, Ms. Vivi Wang and W&V regarding the creation and design of nijigen-style personalities inspired by them. Pursuant to the Liu-related Nijigen-style Personality(ies) Cooperation Agreement, we shall develop and own nijigen-style personality(ies) related to Mr. Liu Keng-hung and Ms. Vivi Wang (“**Liu-related Nijigen-style Personality(ies)**”), and it was agreed that the relevant IP rights of the Liu-related Nijigen-style Personalities shall be wholly owned by Talent Planet.

As at the Latest Practicable Date, we launched and started to use various Liu-related Nijigen-style Personalities in the promotion of our products. For example, we used nijigen-style personalities of Mr. Liu Keng-hung and Ms. Vivi Wang, namely “*Coach Liu* (劉教練)” and “*Vivi*” in our special promotional gift set for Christmas in 2022.

Cooperation under our new retail business

We also leverage on popularity of Mr. Liu Keng-hung and Ms. Vivi Wang to empower the sale of our products through their related IPs. Please refer to the sections headed “Business – Our business – IP creation and operation – IP content creation and management – Celebrity IP management – Empowerment of our new retail sales” and “– Distribution network – Other e-commerce channels” in this document for further details.

COOPERATION WITH CELEBRITIES

COOPERATION WITH MR. FANG

Mr. Fang is our chief cultural officer, and he will continue to develop various products and programs with us with strong traditional Chinese characteristics, such as tea, pottery and traditional Chinese clothing that incorporate elements of poetry and calligraphy created by Mr. Fang.

In December 2022, we entered into the following cooperation agreements regarding (i) the creation and design of nijigen-style personalities inspired by him; and (ii) the licensing of his existing nijigen-style personality. We believe that such traditional Chinese cultural influence of Mr. Fang’s IP will appeal to the general public.

(i) Creation and design of nijigen-style personalities inspired by Mr. Fang

We entered into a cooperation agreement with Mr. Fang and his artiste management company, pursuant to which we shall have the right to use Mr. Fang’s personal image to design, develop and create nijigen-style personalities, including but not limited to characters in cartoons, manga, games, and toys. The parties also agreed to co-own the intellectual property rights arising from such nijigen-style personalities, and that we will be solely responsible for the authorization of the nijigen-style personalities to third parties in the PRC region, under which Mr. Fang and his artiste management company will be entitled to a share of revenue with us. It is our responsibility to maintain Mr. Fang’s good public image during the design, development and creation of the nijigen-style personalities, and Mr. Fang and his artiste management company are entitled to give suggestions to us during such processes.

(ii) Licensing of nijigen-style personality created by Mr. Fang

As Mr. Fang’s artiste management company owns the intellectual property rights of an existing nijigen-style personalities, Punk Cat* (龐克貓), created by Mr. Fang, we entered into a two-year cooperation agreement with his artiste management company in relation to the IP authorization of such nijigen-style personalities. Pursuant to the agreement, we have the right to conduct IP licensing business in relation to Punk Cat in the PRC region, and Mr. Fang’s artiste management company is entitled to a portion of the licensing fees that we receive from any third parties other than our associated companies.

COOPERATION WITH CELEBRITIES

OUR COOPERATION WITH CELEBRITIES AND KOLS

During the Track Record Period, we have been diversifying our portfolio of celebrities and related IPs by entering into cooperation with different celebrities or KOLs. As illustrated above, apart from Mr. Jay Chou, we also enter into cooperation with Mr. Harlem Yu, Mr. Liu Keng-hung, Ms. Vivi Wang and Mr. Fang. As at the Latest Practicable Date, we have also entered into cooperation agreements with certain Taiwan artists, namely, Chang Chieh (張傑), Lara Liang Xin-Yi (梁心頤) and Chan Yu-Hao (詹宇豪), and the artiste management company of Monica Chan Fat Yung, and a memorandum of understanding in respect of potential cooperation with Eric Suen Yiu Wai. All of these collaboration demonstrated that our Group’s capability and access to cooperate with other celebrities and/or KOLs, other than merely with Mr. Jay Chou, whether by way of media content creation, event planning or the creation of nijigen-style personality. As at the Latest Practicable Date, all of the celebrities or KOLs that we preliminarily engaged for future cooperation were not artistes managed by our Controlling Shareholders and their respective associates (excluding our Group).

Given (i) our Group’s historical success in IP creation and operation with celebrities, including the creation and design of nijigen-style personalities inspired by them, (ii) our management’s extensive network/experience in the Chinese entertainment industry, (iii) our track record of engaging KOLs in the PRC for promoting our products during the Track Record Period, and (iv) cooperation with KOLs is not difficult as there is a great supply of KOLs in the PRC, our Directors do not expect any difficulty in diversifying its portfolio of celebrities and KOLs and expanding its IP repertoire.