2024

ANNUAL REPORT

Be Friends Holding Limited
交個朋友控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 01450

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Jun (李鈞) *(Chairman)*
Mr. Li Liang (李亮) *(Chief Executive Officer)*
Mr. Lo Chi Sum (盧志森)
Ms. Zhao Hui Li (趙慧利)

Independent non-executive Directors

Mr. Ma Zhan Kai (馬占凱)
Dr. Yu Guo Jie (余國杰)
Mr. Kong Hua Wei (孔華威)

AUDIT COMMITTEE

Dr. Yu Guo Jie *(Chairman)*
Mr. Ma Zhan Kai
Mr. Kong Hua Wei

REMUNERATION COMMITTEE

Mr. Ma Zhan Kai *(Chairman)*
Ms. Zhao Hui Li
Mr. Kong Hua Wei

NOMINATION COMMITTEE

Mr. Ma Zhan Kai *(Chairman)*
Mr. Li Jun
Mr. Kong Hua Wei

INVESTMENT COMMITTEE

Mr. Li Liang *(Chairman)*
Ms. Zhao Hui Li
Mr. Ma Zhan Kai

COMPANY SECRETARY

Ms. Chan Sze Ting *(FCG, HKFCG)*

AUTHORISED REPRESENTATIVES

Ms. Zhao Hui Li
Ms. Chan Sze Ting

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Building 5, No. 601 Qiuyi Road
Changhe Street, Binjiang District
Hangzhou City
(Zhejiang) Pilot Free Trade Zone
310056
The PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 10, 4/F
Kwai Cheong Center
No. 40-52 Kwai Cheong Road
New Territories
Hong Kong

AUDITOR

Forvis Mazars CPA Limited
(formerly known as Mazars CPA Limited)
Certified Public Accountants and
Registered Public Interest Entity Auditor

LEGAL ADVISERS TO THE COMPANY AS TO HONG KONG LAW

King & Wood Mallesons

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

China Merchants Bank Co., Ltd.

STOCK CODE

1450

WEBSITE AND CONTACT

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CHAIRMAN'S STATEMENT

Dear Shareholders,

The board (the "**Board**") of directors (the "**Directors**") of Be Friends Holding Limited (the "**Company**") hereby presents the annual report of the Company and its subsidiaries (collectively, the "**Group**" or "**We**") for the year ended 31 December 2024 (the "**Reporting Period**").

The Group is a leading comprehensive all-media service provider in China, mainly providing full-service video application services, including live broadcasting, video content production, product sales and operation and maintenance services, to new media platforms, industry customers, broadcasting institutions and other organisations. The Group is committed to leveraging its video technologies and services to further expand its service capabilities in the all-media market, especially in the new media market.

The pace of economic recovery varied across different countries and regions in 2024. Geopolitical conflicts and inflationary pressures continued to roil international markets, but China realized a steady and sound growth with policy resilience and domestic demand potential. According to the data of the Ministry of Commerce, China's online retail sales grew by 7.2% in 2024, and the contribution rate of physical goods network retail sales to total social retail sales reached 48.4%, consumer e-commerce brings together new dynamics of growth. However, at the same time, the phenomenon of consumer stratification and involution is becoming increasingly significant, the content ecology evolved at an accelerated pace, the platform algorithm continued to update. All of the above situations constitute a test of our adaptability and resilience to stress.

Against such backdrop, in 2024, adhering to the business strategy of "technology-driven, efficiency-first, and seeking progress amidst stability", we realized a gross merchandise value (GMV) of RMB15.08 billion for the year, continuing to consolidate our leading position in the industry. The achievement of this results is attributed to the advanced strategic layout for the New Media Services business. Currently, the layout has shown significant results. Leveraging on the deep integration of our artificial intelligence ("**AI**") technology and core operating business, we have created an integrated closed-loop of "Technology-Operation-Risk Control" to enhance organizational efficiency and establish an intelligent, high-efficiency and safe business momentum system.

- Breakthrough in data intelligence: Driven by AI technology, our self-developed product "Friend Cloud", a live-streaming e-commerce business closed-loop intelligent operation system, supports dynamic optimization of product selection strategies, real-time iteration of user portraits, and immersive interactive scenarios to drive supply chain efficiency improvement and inject technological power into business development;

- Intelligent+Standard operation system: By establishing a "matrix live-streaming channel" and dynamic product selection collaboration network and by intelligent computing to analyze product data and reconstruct merchant matching model, hence realizing stepped cooperation plan design and improve efficiency of multi-product linkage, significantly shorten the product selection and operation chain;

- Compliance management innovation: Digital supervision system empowered by AI covers full chain compliance management of live-streaming e-commerce operation, together with the risk warning system realize zero-delay response in compliance processes. These initiatives create safety defense line for our long-term development;

In the process of development, the industry, platform and technology we are in have undergone great reforms. However, there are some principles that we have always adhered to. That is, the persistent adherence to "Trust", strict requirements for product quality, respect for consumers, not chasing short-term benefits, and insisting on the pursuit of long-term value.

CHAIRMAN'S STATEMENT

In the face of increasing industry concentration and the evolution of the competitive landscape, we will continue our core technology-driven strategy and anchor in long-term value creation, promoting high quality development of all-media service industry. Firstly, by fully embracing AI, we will deepen the application of AI and big data to build a user behavior prediction and supply chain intelligence scheduling system, thus enhancing accuracy of product selection and operation efficiency in all aspects, reconstruct the organisational core with the "AI+Industry Expert" composite talent matrix, and promote the evolution of the entire Company to a technology-empowered organisation; secondly, we will unite with industrial zones and scientific research institutes to promote the upgrading of industrial zones, and facilitate the collaboration and resource integration of industrial chains, further consolidating our supply chain competitiveness; and finally, we will explore new types of cross-border trade models, go well with the growth momentum of global e-commerce market, accelerate the expansion to overseas market and expand our presence globally. In the context of two wheels driven by both technology and supervision, we will continue our efforts in enhancing technology empowerment, optimize compliance management system. We are always committed to the Group's long-term and sustainable development.

Every achievement of ours is inseparable from the wisdom and effort of all employees, and even more so from the trust and support of our shareholders and partners. In the future, we will continue to maximize shareholders' value as our core objective, consolidate our leading industry position through collaborative innovation in technology, organization and strategy, and create sustainable returns for investors.

Li Jun
Chairman

27 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2024, we remained at the leading position in the all-media industry and achieved higher-quality growth in a highly challenging market environment with our unwavering strategic determination and efficient execution. This achievement was attributable to the Group's strategic layout in 2019. Relying on the profound technology and experience accumulated in the field of all-media industry, we have accurately seized the wave of rapid development of China's new media industry and expanded the Group's existing technologies and resources into the new media field and achieved better strategic execution through initiatives such as technological innovation, organisational optimisation and strategic cooperation. Today, this layout has been fully implemented, driving us to achieve fruitful results in various dimensions, including financial performance, business innovation, social responsibility and internal construction.

During the Reporting Period, the Group's revenue amounted to approximately RMB1.25 billion, representing an increase of approximately 16.4% as compared to approximately RMB1.07 billion for the year ended 31 December 2023 (the "**Corresponding Period of the Previous Year**"). However, affected by factors such as the market environment and the increase in expenses as a result of the short-term expansion, net profit amounted to approximately RMB0.07 billion, representing a decrease of 36.6% year-on-year. Adjusted net profit* amounted to approximately RMB0.12 billion, representing a decrease of 32.4% year-on-year. Despite the decline in net profit, our continued deepening and innovation in the new media services segment, as well as our investment in areas such as technological development, digitalisation and compliance construction, have laid a solid foundation for long-term development. In the future, we will further optimise our cost structure and enhance our operational efficiency to address the market challenges and drive a steady rebound in profitability.

New Media Services Segment

In 2024, the new media services segment continued to consolidate its leading position in the industry. Through deepening innovation in live-streaming scenarios, deepening industrial cooperation and strengthening the application of technology, we achieved a gross merchandise value (GMV) of approximately RMB15.08 billion, an increase of 19.58% compared with the Corresponding Period of the Previous Year, and continued to firmly rank among the leaders in the live-streaming e-commerce industry. However, in the face of multiple challenges such as intensified market competition and rising costs, net profit performance came under pressure despite significant expansion in business scale. This has prompted us to focus more on refined operations and profitability optimisation in the future in order to achieve sustainable and high-quality development.

In terms of operation model, we have successfully created a standardised and replicable 'matrix live-streaming channel' benchmark case. Through the combination of standardised processes and personalised operations, we have helped our partner brands to achieve long-term and effective operations in live-streaming rooms, significantly increasing user stickiness and repurchase rates. At the same time, we focused on the pain points of the regional economy and launched "new model of integration of industrial zones and Live Streaming", which tailor-made digital transformation solutions for traditional industrial zones, and jointly advanced the healthy and prosperous development of the e-commerce industry in the industrial zones.

* *For details of the adjusted net profit based on the non-HKFRS measures, please refer to the paragraph headed "Reconciliation of the Non-HKFRS Measures to the Nearest HKFRS Measures" in this report.*

MANAGEMENT DISCUSSION AND ANALYSIS

Besides, we pioneered the introduction of the "core national strategic assets" live-streaming scenario, expanding the boundary of live-streaming e-commerce to the field of high-end science and technology, and through the "live-streaming e-commerce + science popularization" mode, we launched a series of public welfare live-streaming activities in conjunction with the local government and scientific research institutes. For example, the "New Quality Productive Forces" theme livestream in co-operation with Hangzhou High-Tech Industrial Development Zone systematically displays domestic cutting-edge scientific and technological achievements, which not only strengthens consumers' trust in national science and technology brands, but also injects the social value of knowledge dissemination into the livestream.

As an enterprise that has always been committed to a technology-driven approach, we have made significant breakthroughs in technology empowerment. The intelligent middle platform 'Friend Cloud' system has been comprehensively iterated and upgraded, realising the whole process of digital management from merchant stationing to after-sales service. Through the in-depth application of AI technology, we have not only comprehensively upgraded the level of intelligence of our live-streaming e-commerce business, but also reduced operational risks. The application of AI technology in all aspects of operations has significantly improved the efficiency of the entire process of live-steaming, laying the foundation for future profitability enhancement.

Our outstanding performance has won us wide recognition from our partners and the industry as well as various awards including "2024 Douyin E-commerce Annual Influential Institution", "2024 Tmall Golden Cosmetics Award" and "2024 China Consumption Annual Commercial Value Service Institution". These honours are not only a recognition of our past efforts, but also an encouragement for future development.

Television Broadcasting Business Segment

In the face of intensified market competition driven by industry transformation and technological advancements, in 2024, the Group implemented an accurate resource allocation strategy in the television broadcasting business segment, focusing on the upgrading of core technologies and the development of high-end solutions. For example, we initiated an innovative R&D program for satellite portable station systems and carried out function iteration and optimization of portable transmission equipment to precisely match the needs of high-end industrial customers. Through the centralized release of resources, the revenue of the television broadcasting business achieved a small increase during the Reporting Period, but its loss was further expanded due to the increase in R&D investment and traditional integration business costs.

Compliance and Sustainable Development

While our business is expanding at a rapid pace, we have always put compliance and protection of consumer rights at the highest priority, and have built an industry-leading quality control system. Through the synergy of the "Five-in-One" compliance framework, which includes "Business, Anchor, Legal, Customer Service and Supervision", we have comprehensively enhanced the compliance control capabilities for new media services and ensured supervision throughout the entire process. For high-risk categories, we have set up special auditing standards to ensure that compliance indicators cover all dimensions of merchandise.

In 2024, we also made significant progress in social responsibility and internal construction. We established a trade union and a women's federation to build harmonious labour relations and enhance employees' sense of belonging and well-being. At the same time, we set up a Party branch to further strengthen the leading role of Party building and promote the standardised development of the Company in the live streaming industry.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

Looking ahead, we clearly recognize that the all-media industry has entered a new stage of development, and the profitability threshold of the industry will gradually increase, while the exit of small and medium-sized industry players will bring about an increase in industry concentration. This is both a challenge and an opportunity for us. We will continue to firmly build a healthy and sustainable new retail ecosystem so that every user can enjoy a more convenient and pleasant shopping experience.

Despite the bilateral growth in business scale and revenue, our net profit performance came under pressure due to factors such as intensified market competition and rising costs. In this regard, we will focus more on refined operations and cost optimisation in the future, and ensure steady improvement in profitability through technological innovation and efficiency enhancement. Firstly, we will continue to increase our investment in content creation and operation, and refine our investment flow strategy to ensure that the benefits of our capital investment are maximised, helping our brands to achieve sound long-term development. Secondly, we will strengthen category management, dig deep into the potential of each category, and carry out all-round, in-depth strategic co-operation with brands, so as to continue to provide consumers with better quality and more cost-effective merchandise. Through technological empowerment, on the one hand, we will further strengthen our data integration and in-depth analysis capabilities by leveraging AI technology, to provide accurate basis for decision-making of the Company, and contribute to realize a new breakthrough in refined and efficient operation management. On the other hand, through the AI-empowered compliance management system, we will provide consumers with a safer and more carefree shopping environment and further enhance brand trust. In addition, we will actively explore opportunities in overseas markets and deploy localized operations and intelligent supply chain management of cross-border e-commerce platforms to further expand the space for our growth in the international market.

FINANCIAL REVIEW

Revenue

Based on the financial information, the Group's revenue increased by approximately 16.4% to approximately RMB1.25 billion (2023: approximately RMB1.07 billion) during the Reporting Period. The increase in revenue during the Reporting Period was mainly attributable to our continuous in-depth development of our business in both new media services and television broadcasting business segments. The table below sets out the revenue of each of the Group's business segments for the years ended 31 December 2024 and 2023 respectively:

	For the year ended 31 December			
	2024		2023	
	RMB'000	**% of total revenue**	RMB'000	% of total revenue
Segment revenue				
New media services	**1,138,144**	**91.0**	988,732	92.0
Television broadcasting business	**112,360**	**9.0**	85,603	8.0
Total	**1,250,504**	**100.0**	1,074,335	100.0

New Media Services Segment

Revenue generated from the new media services segment represented approximately 91.0% and 92.0% of the total revenue of the Group for the Reporting Period and the Corresponding Period of the Previous Year, respectively. Such revenue increased from approximately RMB0.99 billion for the Corresponding Period of the Previous Year to approximately RMB1.14 billion for the Reporting Period. The increase was mainly due to our in-depth exploration of the live-streaming scenarios and the deepening of cooperation along the industrial belt during the Reporting Period, leading to an increase in revenue for the new media services segment.

Television Broadcasting Business Segment

Revenue generated from the television broadcasting segment represented approximately 9.0% and 8.0% of the total revenue of the Group for the Reporting Period and the Corresponding Period of the Previous Year, respectively. Such revenue increased from approximately RMB85.6 million for the Corresponding Period of the Previous Year to approximately RMB112.4 million for the Reporting Period. The increase was mainly due to the television broadcasting business gradually expanded its business scope and customer base during the Reporting Period, resulting in more orders.

Cost of sales

The Group's cost of sales increased by approximately 26.9% from approximately RMB507.4 million for the Corresponding Period of the Previous Year to approximately RMB643.8 million for the Reporting Period. The table below sets out the cost of sales of each of the Group's business segments for the years ended 31 December 2024 and 2023 respectively:

	For the year ended 31 December			
	2024		2023	
	RMB'000	**% of total cost**	RMB'000	% of total cost
Segment cost of sales				
New media services	**563,873**	**87.6**	454,820	89.6
Television broadcasting business	**79,887**	**12.4**	52,605	10.4
Total	**643,760**	**100.0**	507,425	100.0

New Media Services Segment

The cost of sales of new media services segment increased by approximately 24.0% from approximately RMB454.8 million for the Corresponding Period of the Previous Year to approximately RMB563.9 million for the Reporting Period. The increase was mainly due to the increase in revenue of the Group's new media services segment, resulting in the increase in the corresponding cost of sales accordingly.

Television Broadcasting Business Segment

The cost of sales of the television broadcasting business segment increased by approximately 51.9% from approximately RMB52.6 million for the Corresponding Period of the Previous Year to approximately RMB79.9 million for the Reporting Period. The increase was mainly due to the integrated transmission projects undertaken by the television broadcasting business during the Reporting Period being primarily sourced from overseas, resulting in higher procurement costs and a simultaneous increase in costs.

Gross profit and gross profit margin

The Group's gross profit was approximately RMB606.7 million and approximately RMB566.9 million for the Reporting Period and the Corresponding Period of the Previous Year respectively, representing an increase of approximately 7.0%. The Group's gross profit margin was approximately 48.5% and approximately 52.8% for the Reporting Period and the Corresponding Period of the Previous Year respectively. The following table sets out the gross profit and gross profit margin of each of the Group's business segments for the years ended 31 December 2024 and 2023 respectively:

	For the year ended 31 December			
	2024		2023	
		Gross profit margin		Gross profit margin
	RMB'000	**(%)**	RMB'000	(%)
Segment gross profit and gross profit margin				
New media services	**574,271**	**50.5**	533,912	54.0
Television broadcasting business	**32,473**	**28.9**	32,998	38.5
Total	**606,744**	**48.5**	566,910	52.8

New Media Services Segment

The gross profit margin of the new media services segment decreased from approximately 54.0% for the Corresponding Period of the Previous Year to approximately 50.5% for the Reporting Period. The Group believed that the change was within the reasonable range of normal business operations.

Television Broadcasting Business Segment

The gross profit margin of the television broadcasting business segment decreased from approximately 38.5% for the Corresponding Period of the Previous Year to approximately 28.9% for the Reporting Period. It was mainly due to the increase in overseas procurement costs and domestic maintenance service fees for the television broadcasting business during the Reporting Period, which resulted in a relative decrease in gross profit margin.

Other gains, net

Other gains, net was approximately RMB18.4 million and approximately RMB8.9 million for the Reporting Period and the Corresponding Period of the Previous Year, respectively. Such increase was mainly due to the increase in government grants during the Reporting Period.

Administrative expenses

Administrative expenses were approximately RMB192.5 million and approximately RMB173.6 million for the Reporting Period and the Corresponding Period of the Previous Year respectively, representing an increase of approximately 10.9%. The increase in administrative expenses was mainly due to the increase in staff salaries as a result of the rise in salary expenses for the recruitment and reserve plan of administration and management talents by the Group during the Reporting Period.

Selling expenses

Selling expenses were approximately RMB319.3 million and approximately RMB261.7 million for the Reporting Period and the Corresponding Period of the Previous Year, respectively, representing an increase of approximately 22.0%. The increase in selling expenses was mainly due to the increase in staff salaries as a result of the rise in salary expenses for the recruitment and reserve plan of marketing talents by the Group during the Reporting Period.

Finance costs, net

Finance costs, net were approximately RMB8.2 million and approximately RMB13.3 million for the Reporting Period and the Corresponding Period of the Previous Year, respectively, representing a decrease of approximately 38.3%. The decrease in finance costs, net was due to the Group flexibly arranged idle capital based on its capital needs and risk tolerance during the Reporting Period, to ensure the safety and capital liquidity while obtaining a certain amount of interest income.

Income tax expense

Income tax expense for the Reporting Period was approximately RMB29.3 million while income tax expense for the Corresponding Period of the Previous Year was approximately RMB25.5 million. The increase in income tax expense was mainly due to the decrease in deferred income tax assets during the Reporting Period.

Profit for the year

As a result of the foregoing factors, the profit attributable to owners of the Company is approximately RMB81.7 million for the Reporting Period as compared to approximately RMB119.5 million for the Corresponding Period of the Previous Year.

Reconciliation of the Non-HKFRS Measures to the Nearest HKFRS Measures

To supplement the consolidated financial statements, which are presented in accordance with HKFRSs, the Company also uses adjusted net profit as additional financial measures, which are not required by, or presented in accordance with, HKFRSs. The Company believes adjusted net profit facilitates comparisons of operating performance from period to period and company to company by eliminating potential impacts of items which the management considers non-indicative of operating performance of the Group, such as certain non-cash items, one-off items or items which are not operating in nature.

The Company believes adjusted net profit provides useful information in understanding and evaluating its consolidated results of operations to assist management. However, the adjusted net profit may not be comparable to similarly titled measures of other companies. The use of adjusted net profit has limitations as an analytical tool, and anyone should not consider it in isolation from, or as a substitute for an analysis of, its results of operations or financial condition as reported under HKFRSs. In addition, these non-HKFRS financial measures may be defined differently from similar terms used by other companies, and may not be comparable to other similarly titled measures used by other companies.

The following table sets forth the reconciliations of non-HKFRS financial measures of the Group for the years ended 31 December 2024 and 2023 respectively, to the nearest measures prepared in accordance with HKFRS:

	2024 **RMB'000**	2023 RMB'000
Profit for the year	**72,230**	113,971
Adjusted for:		
Share based payment expenses	**47,925**	83,713
Change in fair value of contingent consideration receivable	**1,823**	(17,325)
Adjusted net profit	**121,978**	180,359

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net cash outflow used in the Group's operating activities amounted to approximately RMB27.6 million for the Reporting Period and net cash inflow from the Group's operating activities amounted to approximately RMB183.0 million for the Corresponding Period of the Previous Year. The cash outflow from operating activities during the Reporting Period was mainly due to the increase in prepayments for goods and services by the Group.

Net cash outflow used in the Group's investing activities amounted to approximately RMB58.4 million for the Reporting Period and net cash outflow used in the Group's investing activities amounted to approximately RMB74.5 million for the Corresponding Period of the Previous Year. The decrease in cash flow used in investing activities was mainly due to the Group's acquisition of a subsidiary in cash during the Corresponding Period of the Previous Year.

Net cash inflow from the Group's financing activities amounted to approximately RMB52.5 million for the Reporting Period and net cash outflow used in the Group's financing activities amounted to approximately RMB10.3 million for the Corresponding Period of the Previous Year. The net cash inflow of financing activities during the Reporting Period was mainly due to an increase in bank borrowings aimed at enhancing the Group's capital utilisation efficiency.

The total bank and other borrowings of the Group increased from approximately RMB133.9 million as at 31 December 2023 to approximately RMB212.1 million as at 31 December 2024. The increase was mainly attributable to an increase in bank borrowings aimed at enhancing the Group's capital utilisation efficiency during the Reporting Period.

As at 31 December 2024, the Group had current assets of approximately RMB704.2 million (as at 31 December 2023: approximately RMB527.3 million) and current liabilities of approximately RMB470.9 million (as at 31 December 2023: approximately RMB408.2 million). The current ratio (which is calculated by dividing current assets by current liabilities) slightly increased to approximately 1.50 as at 31 December 2024 from approximately 1.29 as at 31 December 2023.

The overall strategy for capital management of the Group remains unchanged from the prior years. The capital structure of the Group consists of cash and cash equivalents and equity attributable to owners of the Company, comprising issued capital and reserves. The Group has adopted a prudent financial management and treasury policy. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its capital requirements from time to time, while maximising the return to Shareholders through the optimisation of the debt and equity balance.

Bank balances and cash of the Group as at 31 December 2024 were mainly denominated in Renminbi ("**RMB**") and Hong Kong Dollar ("**HKD**").

FOREIGN EXCHANGE EXPOSURE

The Group is mainly exposed to foreign exchange risk arising from various currency exposures, primarily with respect to United States Dollars ("**USD**"), Japanese Yen ("**JPY**") and HKD. Foreign exchange risk arose from future commercial transactions, recognised assets and liabilities which are denominated in non-RMB.

The management of the Group has formulated policies to require the Group's companies to manage their foreign exchange risk against their functional currency. The Group's companies are required to control the exposure of the foreign currency during the business operation. The foreign currency exposure is mainly due to the purchase of the equipment from other countries. Save for certain bank balances, accounts payables and loans are denominated in USD, JPY and HKD, the impact of foreign exchange exposure on the Group was minimal and there was no significant adverse effect on normal operations. During the Reporting Period, the Group did not commit to any financial instruments to hedge its exposure to foreign exchange risk. However, the management of the Group monitors foreign exchange exposure of the Group and will consider hedging significant foreign currency exposure should the need arise.

INTEREST RATE RISK

Other than bank balances with variable interest rates, the Group has no other significant interest-bearing assets. The management of the Group does not anticipate significant impact on interest-bearing assets resulting from the changes in interest rates since the interest rates of bank balances are not expected to change significantly.

The Group's interest rate risk arises from bank and other loans. Bank and other loans with variable rates expose the Group to cash flow interest rate risk which is partially offset by bank balances held at variable rates. The Group has not hedged its cash flow interest rate risks.

CHARGE OVER ASSETS OF THE GROUP

As at 31 December 2024, bank borrowing of RMB12,000,000 (2023: RMB12,500,000) are secured by the buildings with carrying amount of RMB20,363,000 (2023: RMB22,847,000) and bank borrowing of RMB42,833,000 (2023: Nil) are secured by the pledged bank deposits of RMB42,451,000 (2023: Nil).

GEARING POSITION

The gearing ratio, which represented net debt (total debts less long-term bank deposits, pledged bank deposits and bank balances and cash) divided by total equity multiplied by 100%, was approximately 17.0% and 0.1% as at 31 December 2024 and 2023, respectively. Such increase was mainly attributable to an increase in bank borrowings aimed at enhancing the Group's capital utilisation efficiency during the Reporting Period.

CONTINGENCIES

As at 31 December 2024, the Directors were not aware of any significant events that would have resulted in material contingent liabilities.

SHARE AWARD PLAN

In order to recognise and reward the contribution of certain eligible participants to the growth and development of the Group and to comply with the requirements of the new Chapter 17 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") ("**Listing Rules**") which has become effective on 1 January 2023, the Company adopted a share award plan ("**2022 Share Award Plan**") on 8 December 2022.

Summary of terms

(i) Purpose and participants

The purposes and objectives of the 2022 Share Award Plan are (a) to recognise and reward the contribution of certain eligible participants to the growth and development of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; and (b) to attract suitable personnel for further development of the Group.

The following classes of participants are eligible for participation in the 2022 Share Award Plan (the "**2022 Share Award Plan Selected Participants**"):

(a) any director and employee of the Company or the Group;

(b) any directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company; and

(c) any persons providing services to the Group on a continuing basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group (the "**2022 Share Award Plan Service Provider**"). The 2022 Share Award Plan Service Provider shall include any contractor, adviser, consultant or expert who provides advisory services, consultancy services, sales and marketing services and technology services to any member of the Group on a continuing or recurring basis (where the continuity and frequency of their services are akin to those of employees of the Group) in its ordinary and usual course of business which are in the interests of the long-term growth of the Group provided that (i) placing agents or financial advisors providing advisory services for fundraising, mergers or acquisitions, or (ii) professional service providers such as auditors or valuers who provide assurance or are required to perform their services with impartiality and objectivity must not be Service Provider for the purposes of the 2022 Share Award Plan.

(ii) Award of Shares and pool of awarded Shares

The total number of Shares which may be issued in respect of all options and awards to be granted under the 2022 Share Award Plan and other share schemes of the Company shall not be more than 10% of the total number of issued Shares as at 8 December 2022, i.e. shall be no more than 131,127,099 Shares, representing 9.47% of the issued Shares (excluding treasury Shares) as at this date of this annual report.

The total number of Shares which may be issued in respect of the awarded Shares to be granted to 2022 Share Award Plan Service Provider under the 2022 Share Award Plan shall not be more than 0.5% of the total number of issued Shares as at 8 December 2022, i.e. shall be no more than 6,556,354 Shares, representing 0.47% of the issued Shares (excluding treasury Shares) as at this date of this annual report.

Tricor Trust (Hong Kong) Limited ("**Trustee**") may by utilising the trust fund of the trust to purchase the Shares on the Stock Exchange at the prevailing market price (subject to the maximum price as may be prescribed from time to time by the Board or the person(s) from time to time delegated by the Board with the power and authority to administer the 2022 Share Award Plan (the "**Committee**")), or off-market or by subscription (as the case may be).

(iii) Maximum entitlement of each participant

The maximum number of Shares, in a 12-month period up to and including the date of award, which may be subject to an award or awards to a 2022 Share Award Plan Selected Participant together with any Shares issued and to be issued under any options granted to such person under any share option schemes of the Company shall not (i) in aggregate exceed 1% of the issued share capital of the Company as at 8 December 2022; and (ii) exceed any limits applicable to such person under the Listing Rules.

Any grant of awards to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the remuneration committee of the Board (excluding any member who is a proposed recipient of the grant of the award) and the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the grant of awards). In addition:

(a) where any grant of awards (excluding grant of share options) to any Director (other than an independent non-executive Director) or chief executive of the Company, or any of their respective associates, would result in the Shares issued and to be issued in respect of all awards granted (excluding any awarded Shares lapsed in accordance with the terms of the 2022 Share Award Plan) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the Shares in issue at the date of such grant; or

(b) where any grant of Awards to an independent non-executive Director or substantial shareholder of the Company (or any of their respective associates) would result in the number of Shares issued and to be issued upon the grant of all awards and exercise of all options already granted (excluding any awarded Shares lapsed in accordance with the terms of the 2022 Share Award Plan) to such person in the 12 month period up to and including the date of such grant representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of Shares in issue,

such further grant of awarded Shares must be approved by Shareholders in general meeting in the manner required, and subject to the requirements set out, in the Listing Rules. In particular, the Company must send a circular to the Shareholders. The 2022 Share Award Plan Selected Participants, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting. The Company must comply with the requirements under Rules 13.40, 13.41 and 13.42 of the Listing Rules.

(iv) Vesting of the awarded Shares and performance targets

At the time of grant of the awarded Shares, the Board or the Committee may, in its sole and absolute discretion, specify any performance target(s) for vesting of awarded Shares in the award notice. Such performance targets may include financial and non-financial parameters, including but not limited to value creation parameters (such as revenue, gross profit and gross merchandise value) and other strategic and organizational health parameters (such as timeliness and accuracy in handling customer feedback and compliance with internal business procedures).

(v) Purchase price of awarded Shares

The Board and the Committee may determine and specify the purchase price of the awarded Shares (if any) in the notice to be sent to the Trustee upon the making of an award under the 2022 Share Award Plan.

(vi) Basis of determining the purchase price of the awarded Shares

The purchase price of the awarded Shares (if any) shall be such price determined by the Board or the Committee, based on considerations such as the prevailing closing price of the Shares, the purpose of the award and the characteristics and profile of the 2022 Share Award Plan Selected Participants.

Such room for discretion provides the Board and the Committee with flexibility to stipulate, if necessary, a purchase price for awarded Shares, while balancing the purpose of the award and the interests of Shareholders.

(vii) Remaining life

Subject to early termination, the 2022 Share Award Plan shall be valid and effective for a term of 10 years commencing from 8 December 2022. As at the date of this annual report, the 2022 Share Award Plan had a remaining life of approximately 7 years.

Movements of the awarded Shares

Pursuant to the 2022 Share Award Plan, the Board has resolved on 10 April 2024 to award an aggregate of 15,169,920 awarded shares (the "**First Half 2024 Awarded Shares**") at nil purchase price to several selected participants. In addition, the Board has resolved on 10 October 2024 to award an aggregate of 3,913,610 awarded shares (the "**Second Half 2024 Awarded Shares**") at nil consideration to several selected participants under the 2022 Share Award Plan. Subject to the satisfaction of the vesting criteria and conditions of the 2022 Share Award Plan, the First Half 2024 Awarded Shares and Second Half 2024 Awarded Shares (together the "**2024 Awarded Shares**") shall be transferred from the trustee of 2022 Share Award Plan, Tricor Trust (Hong Kong) Limited (the "**Tricor Trust**") to the selected participants upon expiry of the respective vesting period.

The closing price of the Shares, immediately before the grant date of the First Half 2024 Awarded Shares and Second Half 2024 Awarded Shares was HKD1.47 and HKD1.18 respectively. The aggregated fair value of the First Half 2024 Awarded Shares and Second Half 2024 Awarded Shares amounted to HKD22,299,782 and HKD4,618,060 respectively. The fair value was estimated based on the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on 10 April 2024 and 10 October 2024, being the grant date defined under the Hong Kong Financial Reporting Standards 2 Share-based Payment requirement, which must be a business day and if subject to shareholder's approval, is the date when approval is obtained. The 2024 Awarded Shares will be issued and allotted in due course under the mandate granted to the Directors by the Company pursuant to the terms of the 2022 Share Award Plan.

At the beginning and the end of the Reporting Period, the total number of award Shares available for grant under (i) the scheme mandate of the 2022 Share Award Plan were 51,556,931 Shares and 33,846,755 Shares, respectively and (ii) the service provider sublimit of the 2022 Share Award Plan were 5,356,354 Shares each. As at 31 December 2024, 47,972,180 awarded Shares remained unvested. For further details, please refer to Note 24(ii) to the consolidated financial statements in this annual report.

Movements of the shares granted under the 2022 Share Award Plan during the Reporting Period is as follows:

Name of Director	Date of Award	Vesting Period (i.e. from the grant date up to the vesting date)	Minimum holding period	Number of Awarded Shares granted	Movement of Awarded Shares: Unvested as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/cancelled during the Reporting Period	Unvested as at 31 December 2024
Li Liang	10 January 2023 (Note 1)	34%: 10 January 2023 to 30 April 2024 33%: 10 January 2023 to 30 April 2025 33%: 10 January 2023 to 30 April 2026	Nil	39,338,200	39,338,200	–	13,374,988	–	25,963,212
Zhao Hui Li ("**Ms. Zhao**")	10 January 2023 (Note 2)	34%: 10 January 2023 to 31 July 2023 33%: 10 January 2023 to 31 July 2024 33%: 10 January 2023 to 31 July 2025	Nil	1,000,000	660,000	–	330,000	–	330,000
Sub-total				**40,338,200**	**39,998,200**	**–**	**13,704,988**	**–**	**26,293,212**

Selected Participants	Date of Award	Vesting Period (i.e. from the grant date up to the vesting date)	Minimum holding period	Number of Awarded Shares granted	Movement of Awarded Shares: Unvested as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/cancelled during the Reporting Period	Unvested as at 31 December 2024
Senior Management	10 January 2023 (Note 2)	34%: 10 January 2023 to 31 July 2023 33%: 10 January 2023 to 31 July 2024 33%: 10 January 2023 to 31 July 2025	Nil	300,000	198,000	–	99,000	–	99,000
	10 April 2024 (Note 8)	34%: 10 April 2024 to 30 April 2025 33%: 10 April 2024 to 30 April 2026 33%: 10 April 2024 to 30 April 2027	Nil	600,000	–	600,000	–	–	600,000
Sub-total				**900,000**	**198,000**	**600,000**	**99,000**	**–**	**699,000**

Selected Participants	Date of Award	Vesting Period (i.e. from the grant date up to the vesting date)	Minimum holding period	Number of Awarded Shares granted	Movement of Awarded Shares: Unvested as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/cancelled during the Reporting Period	Unvested as at 31 December 2024
Five highest-paid individuals	10 January 2023 (Note 2)	34%: 10 January 2023 to 31 July 2023 33%: 10 January 2023 to 31 July 2024 33%: 10 January 2023 to 31 July 2025	Nil	7,000,000	4,620,000	–	2,310,000	–	2,310,000
	10 January 2023 (Note 4)	34%: 10 January 2023 to 31 January 2024 33%: 10 January 2023 to 15 January 2025 33%: 10 January 2023 to 31 January 2026	Nil	1,650,000	1,650,000	–	561,000	–	1,089,000
	31 August 2023 (Note 5)	40%: 31 August 2023 to 31 October 2023 30%: 31 August 2023 to 31 January 2024 30%: 31 August 2023 to 31 July 2024	31 October 2023 to 30 June 2024 31 January 2024 to 30 September 2024 31 July 2024 to 31 March 2025	78,000	46,800	–	46,800	–	–
	31 August 2023 (Note 6)	34%: 31 August 2023 to 31 July 2024 33%: 31 August 2023 to 31 July 2025 33%: 31 August 2023 to 31 July 2026	Nil	300,000	300,000	–	102,000	–	198,000
	10 April 2024 (Note 7)	40%: 10 April 2024 to 31 July 2024 30%: 10 April 2024 to 31 October 2024 30%: 10 April 2024 to 30 April 2025	31 July 2024 to 31 March 2025 31 July 2024 to 31 March 2025 30 April 2025 to 31 December 2025	200,000	–	200,000	140,000	–	60,000
	10 April 2024 (Note 8)	34%: 10 April 2024 to 30 April 2025 33%: 10 April 2024 to 30 April 2026 33%: 10 April 2024 to 30 April 2027	Nil	4,500,000	–	4,500,000	–	–	4,500,000
	10 October 2024 (Note 9)	40%: 10 October 2024 to 15 January 2025 30%: 10 October 2024 to 30 April 2024 30%: 10 October 2024 to 31 October 2025	15 January 2025 to 15 September 2025 30 April 2024 to 31 December 2025 31 October 2025 to 30 June 2026	200,000	–	200,000	–	–	200,000
Sub-total				**13,928,000**	**6,616,800**	**4,900,000**	**3,159,800**	**–**	**8,357,000**

MANAGEMENT DISCUSSION AND ANALYSIS

Selected participants	Date of Award	Vesting Period (i.e. from the grant date up to the vesting date)	Minimum holding period	Number of Awarded Shares granted	Movement of Awarded Shares: Unvested as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Unvested as at 31 December 2024
Employee participants	10 January 2023 (Note 3)	60%: 10 January 2023 to 28 February 2023 20%: 10 January 2023 to 31 July 2023 20%: 10 January 2023 to 31 January 2024	28 February 2023 to 30 November 2023 31 July 2023 to 30 April 2024 31 January 2024 to 31 October 2024	17,947,630	3,589,526	–	2,880,216	709,310	–
	10 January 2023 (Note 2)	34%: 10 January 2023 to 31 July 2023 33%: 10 January 2023 to 31 July 2024 33%: 10 January 2023 to 31 July 2025	Nil	2,045,400	1,349,964	–	450,450	224,532	674,982
	10 January 2023 (Note 4)	34%: 10 January 2023 to 31 January 2024 33%: 10 January 2023 to 15 January 2025 33%: 10 January 2023 to 31 January 2026	Nil	3,990,000	3,990,000	–	1,356,600	–	2,633,400
	31 August 2023 (Note 5)	40%: 31 August 2023 to 31 October 2023 30%: 31 August 2023 to 31 January 2024 30%: 31 August 2023 to 31 July 2024	31 October 2023 to 30 June 2024 31 January 2024 to 30 September 2024 31 July 2024 to 31 March 2025	3,533,330	2,119,998	–	2,018,973	101,025	–
	31 August 2023 (Note 6)	34%: 31 August 2023 to 31 July 2024 33%: 31 August 2023 to 31 July 2025 33%: 31 August 2023 to 31 July 2026	Nil	1,500,000	1,500,000	–	510,000	–	990,000
	10 April 2024 (Note 7)	40%: 10 April 2024 to 31 July 2024 30%: 10 April 2024 to 31 October 2024 30%: 10 April 2024 to 30 April 2025	31 July 2024 to 31 March 2025 31 October 2024 to 30 June 2025 30 April 2025 to 31 December 2025	8,369,920	–	8,369,920	5,520,457	338,487	2,510,976

Selected participants	Date of Award	Vesting Period (i.e. from the grant date up to the vesting date)	Minimum holding period	Number of Awarded Shares granted	Movement of Awarded Shares: Unvested as at 1 January 2024	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Unvested as at 31 December 2024
	10 April 2024 (Note 8)	34%: 10 April 2024 to 30 April 2025 33%: 10 April 2024 to 30 April 2026 33%10 April 2024 to 30 April 2027	Nil	1,500,000	–	1,500,000	–	–	1,500,000
	10 October 2024 (Note 9)	40%: 10 October 2024 to 15 January 2025 30%: 10 October 2024 to 30 April 2024 30%: 10 October 2024 to 31 October 2025	15 January 2025 to 15 September 2025 30 April 2024 to 31 December 2025 31 October 2025 to 30 June 2026	3,173,610	–	3,173,610	–	–	3,173,610
	10 October 2024 (Note 10)	34%: 10 October 2024 to 31 October 2025 33%: 10 October 2024 to 31 October 2026 33%: 10 October 2024 to 31 October 2027	Nil	540,000	–	540,000	–	–	540,000
Sub-total				**42,599,890**	**12,549,488**	**13,583,530**	**12,736,696**	**1,373,354**	**12,022,968**
A service provider	10 January 2023 (Note 9)	50%: 10 January 2023 to 31 January 2024 50%: 10 January 2023 to 15 January 2025	Nil	1,200,000	1,200,000	–	600,000	–	600,000
Total				**95,052,480**	**60,562,488**	**19,083,530**	**30,300,484**	**1,373,354**	**47,972,180**

Note 1: The performance targets applicable to Mr. Li Liang include operational performance targets and financial performance targets. For details, please refer to the announcement of the Company dated 10 January 2023 and the circular of the Company dated 7 February 2023.

Note 2: The performance targets applicable to the employees participants of this batch (including Ms. Zhao and senior management) include, among others, settled GMV, settled revenue, gross profit, completion ratio of material projects, efficiency of business and financial system and improvement level for medium and long-term informatization strategic planning and implementation planning.

Note 3: The performance targets applicable to the employees participants of this batch include, among others, settled GMV, settled revenue, gross profit, project implementation completion, accuracy of cost analysis and control, live streaming accident rate, media traffic delivery effectiveness and customer satisfaction level.

Note 4: The performance targets applicable to the employees participants of this batch include, among others, settled GMV, settled revenue, gross profit and effectiveness of investor relations.

Note 5: The performance targets applicable to the employees participants of this batch include, among others, settled GMV, settled revenue, gross profit, live-streaming accident rate and cost control rate.

Note 6: The performance targets applicable to the employees participants of this batch include, among others, settled GMV, settled revenue, gross profit, net profit, performance management completion rate and compliance risk control rate.

Note 7: The performance targets applicable to the employees participants of this batch include, among others, settled GMV, settled revenue, gross profit, streaming accident rate and cost control rate.

Note 8: The performance targets applicable to the employees participants (including senior management) of this batch include, among others, punctuality and accuracy of financial reports, efficiency of business and financial system, optimization of corporate governance system and the progress of core informatization project.

Note 9: The performance targets applicable to the service provider of this batch include, among others, number of successful new media marketing projects introduced to the Group, number of new media streamers introduced and improvement of the Group's overall marketing capability, indicators such as the number of new media content produced by the Group under the guidance of the service provider.

Note 10: Save as disclosed above, there is no any other information required to be disclosed pursuant to Rule 17.07 of the Listing Rules.

Note 11: The purchase price of all awarded Shares set out in the table above is nil.

Note 12: The weighted average closing price of the awarded Shares immediately before the dates on which awarded Shares were vested during the Reporting Period was HKD1.65.

Note 13: The Company has established an appraisal mechanism to evaluate the performance of each selected participant on a quarterly basis for his/her quarter performance and full-year performance from 1 January to 31 December each year. The performance targets of the awarded Shares are individualised based on the job nature and job positions of each selected participant and the projected market and business conditions for the period each covered.

Save as disclosed above, the Company had no other awarded Shares granted under the 2022 Share Award Plan during the Reporting Period.

During the Reporting Period, the number of shares that may be issued in respect of award Shares granted under all schemes of the Company divided by the weighted average number of shares of the relevant class in issue for the Reporting Period were approximately 1.42%.

In addition to the above disclosures, the remuneration committee of the Company had reviewed and approved matters in relation to the 2022 Share Award Plan in accordance with the requirements under Chapter 17 of the Listing Rules as and when such matters are proposed under the 2022 Share Award Plan during the Reporting Period (including the granting of the First Half 2024 Awarded Shares and Second Half 2024 Awarded Shares).

BOARD OF DIRECTORS

Executive Directors

Mr. Li Jun ("Mr. Li") (李鈞), aged 35, has been appointed as an executive Director on 29 September 2021 and as Chairman on 19 June 2023. He is also a member of the Nomination Committee of the Company. Mr. Li graduated from the Zhejiang University (浙江大學) in the PRC specialising in business administration in 2011. He has extensive experiences and business network in the all-media industry, especially the new media business. He also founded various technology companies and has developed entrepreneurial and business management experiences, He is also the founder of Hangzhou Jinwei Supply Chain Information Service Co., Ltd.* (杭州盡微供應鏈信息服務有限公司), a software as a service (SaaS) company serving new e-commerce and new media platforms and serves as the chairman of such company. As at the date of this annual report, Mr. Li is (i) a director of Be Friends Selected Technology Limited* (交個朋友優選科技有限公司) ("**Be Friends Selected Technology**"), an indirect subsidiary of the Company; and (ii) the sole shareholder and sole director of Starlink Vibrant Holdings Ltd. ("**Starlink Vibrant**") which was interested in 323,500,334 Shares, which represented approximately 23.32% of the total issued Shares (including treasury shares) as at the date of this annual report. Please refer to the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company" in the Directors' Report for details of his interest in the Shares of the Company. With effect from 1 April 2025, the annual remuneration of Mr. Li as Chairman and executive Director of the Company and directors of several subsidiaries has been increased to HKD2,200,000. The remuneration adjustment has been covered by the service contracts signed between the Company and Mr. Li, which allows remuneration adjustment to be made once a year subject to the discretionary decision of the Board.

Mr. Li Liang (李亮), aged 46, has been appointed as an executive Director on 28 December 2022 and appointed as the chief executive officer and chairman of the Investment Committee on 5 December 2024. He obtained a master's degree majored in public administration from Peking University in July 2010 and an Executive Master of Business Administration from China Europe International Business School in September 2018. He has ample business management experience. Mr. Li Liang worked at New Oriental Education & Technology Group Inc. ("**New Oriental**") (listed on the Main Board of the Stock Exchange (Stock Code: 9901) and the New York Stock Exchange (Stock Code: EDU)) from April 2001 to January 2022. He served as a vice president of New Oriental and president of Beijing New Oriental School and founded New Oriental's K12 training business during his tenure with New Oriental. In November 2022, Mr. Li Liang was appointed as the chief executive officer of Be Friends Selected Technology and fully responsible for operations management. Mr. Li Liang is interested or deemed to be interested in 44,628,200 shares of the Company as at the date of this annual report, which represented approximately 3.21% of the total issued Shares (including treasury shares) as at the date of this annual report. Please refer to the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company" in the Directors' Report for details of his interest in the Shares and underlying Shares of the Company. With effect from 1 April 2025, the annual remuneration of Mr. Li Liang as chief executive officer and executive Director of the Company and directors of several subsidiaries has been increased to HKD2,000,000. The remuneration adjustment has been covered by the service contracts signed between the Company and Mr. Li Liang, which allows remuneration adjustment to be made once a year subject to the discretionary decision of the Board.

Mr. Lo Chi Sum ("Mr. Lo") (盧志森), aged 65, is the founder and an executive Director of the Group. He became a Director of the Company since December 2012. He is primarily responsible for the overall business strategies and business operation of the Group. Mr. Lo completed the programme of diploma in business management organised jointly by the Hong Kong Management Association and the Hong Kong Polytechnic University in February 1986. He obtained a master's degree in business administration from Shanghai Jiao Tong University (上海交通大學) in 2006, and he graduated from the doctoral programme in business administration from Wuhan University (武漢大學) in 2013. Mr. Lo graduated from the global finance GFD Programme in PBC School of Finance, Tsinghua University (清華大學五道口金融學院) in August 2020. During 2009 to 2015, Mr. Lo has been awarded seven times as an "Outstanding Entrepreneur in Technological Innovation" (科技創新優秀企業家) or "Outstanding Individual in Scientific and Technological Innovation" (科技創新優秀個人獎) by China Radio and TV Equipment Industry Association* (中國廣播電視設備工業協會). Mr. Lo has accumulated substantial experience in the all-media industry.

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In 2007, Mr. Lo invested in the all-media industry in the People's Republic of China and set up Beijing Century Sage Scientific System and Technology Company Limited* (北京世紀睿科系統技術有限公司) ("**CSS (Beijing)**") in April 2007. Since then he has been in charge of the overall business strategies and business operation of the Group. As at the date of this annual report, Mr. Lo is a director of CSS (Beijing), Times Sage (Beijing) Tech Company Limited* (時代華睿(北京)科技有限公司) ("**Times Sage (Beijing)**"), Cogent Technologies Limited, NI Systems Limited, Century Sage Scientific International Limited, Century Sage Scientific Group Ltd, Cortesia Limited, Cogent Tech (Asia) Limited, Cogent (Beijing), Times Sage (Hong Kong) Limited, Century Sage Scientific (HK) Limited ("**CSS (HK)**"), Century Sage Scientific (Taiwan) Limited and Century Sage Scientific Solutions Limited. Mr. Lo was the sole shareholder and sole director of Cerulean Coast Limited ("**Cerulean**") which was interested in 47,703,522 Shares, which represented approximately 3.43% of the total issued Shares (including treasury shares) as at the date of this annual report. Please refer to the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company" in the Directors' Report for details of his interest in the Shares and underlying Shares of the Company.

Mr. Lo has over 36 years of experience in the broadcasting and television industry. Prior to the founding of the Group, Mr. Lo started his career in the industry in 1987, and he was first employed as a sales manager by Advanced Communication Equipment (International) Co., Ltd ("**ACE**"), a company which then provided, among others, audio and visual system integration services. Mr. Lo was transferred to the Taiwan office of ACE in 1989 and served as a general manager; subsequently, Mr. Lo became a director of ACE. From 2003 to 2006, Mr. Lo also took up the role of director of New Digital Technology Holdings Limited, a company which provided, among others, video system integration services. Through his extensive industry-related working experience, Mr. Lo has accumulated in-depth industry knowledge and market understanding for the all-media industry.

Ms. Zhao Hui Li ("Ms. Zhao") (趙慧利), aged 36, has been appointed as an executive Director, a member of the Remuneration Committee of the Company and a member of the Investment Committee of the Company on 29 September 2021. Ms. Zhao was in charge of the Group's business strategy, provided strategic analysis support for the Group's business, and was responsible for the human resources management function of the Group. Currently, the major positions Ms. Zhao hold within the Company or other members of the Group are as follow: a director of Be Friends Selected Technology, Hangzhou Yijiang Future Wisdom Technology Co., Ltd.* (杭州易匠未來智慧科技有限公司), Hangzhou Be Friends Wisdom Technology Co., Ltd.* (杭州交個朋友智慧科技有限公司), Hangzhou Juhuo Interactive Culture Communication Co., Ltd.* (杭州聚火互動文化傳播有限公司), Beijing Be Friends Digital Technology Co., Ltd.* (北京交個朋友數碼科技有限公司), Hang Zhou Be Friends Brand Marketing Management Co., LTD* (杭州交個朋友品牌營銷管理有限公司) and Beijing Gefei Technology Co., Limited* (北京格非科技股份有限公司) ("**Beijing Gefei**"). Ms. Zhao is interested or deemed to be interested in 1,000,000 shares of the Company as at the date of this annual report, which represented approximately 0.07% of the total issued Shares as at the date of this annual report. Please refer to the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company" in the Directors' Report for details of her interest in the Shares and underlying Shares of the Company. On 10 April 2025, 1,200,000 awarded Shares was granted to Ms. Zhao by the Company under the 2022 Share Award Plan of the Company. Such grant had been approved by the independent non-executive Directors.

Ms. Zhao obtained a master's degree in accounting from Wuhan University (武漢大學) in June 2012. She served as a reporter of the Shanghai First Financial Newspaper Co., Ltd.* (上海第一財經報業有限公司) from August 2012 to July 2014. She served as a partner, vice president and chief financial officer at Zero One Think Tank Information Technology (Beijing) Co., Ltd.* (零壹智庫信息科技(北京)有限公司), and was responsible for financial technology research, financial management and equity financing.

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Independent Non-Executive Directors ("INED")

Mr. Ma Zhan Kai ("Mr. Ma") (馬占凱), aged 42, has been appointed as an INED, a member of the Audit Committee of the Company, the chairman of the Remuneration Committee of the Company and a member of the Investment Committee of the Company on 29 September 2021, and has been appointed as the chairman of the Nomination Committee of the Company on 30 December 2021. Mr. Ma obtained a bachelor's degree in Mechanical Design Manufacturing And Automation from Hebei University of Technology (河北工業大學) in July 2004. He worked at Sogou Inc., a company listed on the New York Stock Exchange (stock code: SOGO), from August 2005 to April 2009. Being known as the "Father of Sogou Input Method", Mr. Ma first put forward the product concept of a combination of search and input method and invented the "Sogou Input Method" in 2005. He also worked at Qihoo 360 Technology Co. Ltd.* (三六零安全科技股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 601360), from April 2009 to February 2012. He also joined Meituan, a company listed on the Stock Exchange (stock code: 3690) as a consultant since February 2012 and has been responsible for, among others, product strategy. Mr. Ma has extensive experience in the Internet industry with a focus in product design.

Dr. Yu Guo Jie ("Dr. Yu") (余國杰) , aged 61, has been appointed as an INED and the chairman of the Audit Committee of the Company on 29 September 2021. Dr. Yu obtained a doctor's degree in Economics from Wuhan University (武漢大學) in June 2003. He is also a Chinese Certified Public Accountant (non-practicing) and a Chinese Certified Public Valuer. He has successively served as a lecturer, an associate professor and a professor of the accounting department in the School of Economics and Management of Wuhan University since March 1996. He has also served as an independent director of Shenzhen Wenke Landscape Co., Ltd.* (深圳文科園林股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 002775), from July 2011 to July 2017. He has also served as an independent director of Zhongbai Holdings Group Co., Ltd.* (中百控股集團股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 000759), since July 2021.

Mr. Kong Hua Wei ("Mr. Kong") (孔華威), aged 59, has been appointed as an INED and a member of each of the Audit Committee of the Company, Remuneration Committee of the Company and Nomination Committee of the Company on 1 December 2023. Mr. Kong obtained a bachelor's degree in physics from Peking University in 1987 and a master's degree in theoretical physics from Zhejiang University in 1990. Mr. Kong has over 21 years in the information and communications technology sectors and extensive experience in investment and company management. Mr. Kong has served as the senior vice president of Nano Labs Ltd (NASDAQ: NA) from March 2021 to 31 December 2023, the chief scientist at Shanghai Zhangjiang Science & Technology Venture Capital Co. from December 2010 to October 2016, the vice president and then the president of the Institute of Computing Technology of the Chinese Academy of Sciences, Shanghai Branch from July 2005 to April 2021, a partner of iStartup Venture Capital Co. from January 2017 to April 2021.

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SENIOR MANAGEMENT

Mr. Li Jinping (李金平), aged 42, is currently the CEO and a director of Times Sage (Beijing) and the CEO of CSS (Beijing). He is mainly in charge of the business management and daily operation of Times Sage (Beijing) and CSS (Beijing). Mr. Li Jinping joined the Group in October 2007. Mr. Li Jinping served as an executive Director from 24 August 2020 to 28 December 2022. As at the date of this annual report, Mr. Li Jinping is also a director of Cogent (Beijing), Beijing Gefei and Be Friends Selected Technology.

Mr. Li Jinping graduated from Harbin Engineering University* (哈爾濱工程大學) in July 2005 with a bachelor's degree in electronic information engineering.

Mr. Li Jinping has over 19 years of experience in the all-media industry. Prior to joining the Group, Mr. Li Jinping was employed by Beijing New Digital Systems China Co., Ltd.* (北京安達斯信息技術有限公司) as an engineer.

Ms. Li Ying ("Ms. Li") (李盈), aged 40, joined Be Friends Selected Technology in February 2022, responsible for financial management, fund management, and business information. In March 2024, Ms. Li was appointed as the deputy chief financial officer of the Group.

Ms. Li graduated with a bachelor's degree in physics from Capital Normal University in 2008. From 2014 to 2018, she served as a senior auditor of KPMG Huazhen LLP and passed all Chinese Certified Public Accountant examinations in 2016. Subsequently, she successively worked at Beijing Jieyi Car Rental Co., Ltd.* (北京捷翊汽車租賃有限責任公司), Zuoyebang Education Technology (Beijing) Co., Ltd.* (作業幫教育科技(北京)有限公司), etc. Ms. Li has extensive and diversified management experience in overall financial management work such as industry and finance support, report analysis, industry and finance informatization, and fund management.

Ms. Ye Yang ("Ms. Ye") (葉陽), aged 35, is currently the vice president of operation of the Group and the secretary to the Board. Ms. Ye is mainly in charge of daily affairs of the Board and the human resources and administration management of the Group. Ms. Ye joined the Group in August 2016. As at the date of this annual report, Ms. Ye is also a director of Times Sage Technology Limited, Fineone International Limited, TV Logic Technology Limited and a supervisor of Times Sage (Beijing) and Beijing Gefei.

Ms. Ye graduated from University of International Business and Economics (對外經濟貿易大學) in June 2014 with a master's degree in international law. Ms. Ye obtained PRC legal professional qualification certificate in March 2014.

Ms. Ye has over 10 years working experience in professional service of corporate compliance and governance. Prior to joining the Group, Ms. Ye served as a consultant of capital market of Orrick, Herrington & Sutcliffe LLP, Beijing Office from July 2014 to July 2016.

* *The official names are in Chinese and the English names are translated for identification purpose only.*

COMPANY SECRETARY

Ms. Chan Sze Ting ("Ms. Chan") (陳詩婷) was appointed as the company secretary of the Company on 18 June 2020. Ms. Chan is a director of the company secretarial services division of Tricor Services Limited (a member of Vistra Group), which is a global professional services supplier specialising in integrated business, corporate and investor services. Ms. Chan has over 19 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Chan is a Chartered Secretary (CS), a Chartered Governance Professional (CGP) and a Fellow of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute (CGI) in the United Kingdom. Ms. Chan holds a bachelor of arts degree from Hong Kong Polytechnic University and a bachelor's degree in law from the University of London, Britain.

DIRECTORS' REPORT

The Directors hereby present this Directors' Report and the audited consolidated financial statements of the Group for the Reporting Period.

DIRECTORS

The Directors during the Reporting Period and up to the date of this Directors' Report are as follows:

Executive Directors

Mr. Li Jun (李鈞)
Mr. Li Liang (李亮)
Mr. Lo Chi Sum (盧志森)
Ms. Zhao Hui Li (趙慧利)

Independent Non-executive Directors

Mr. Ma Zhan Kai (馬占凱)
Dr. Yu Guo Jie (佘國杰)
Mr. Kong Hua Wei (孔華威)

The Company has received, from each of the INEDs, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the INEDs are independent.

PRINCIPAL ACTIVITIES

Please refer to Note 1 of the notes to the consolidated financial statements in this annual report for details regarding the principal activities of the Group.

RESULTS AND DIVIDENDS

The Group's results for the Reporting Period and the state of affairs of the Company and the Group as at 31 December 2024 are set out in the accompanying consolidated financial statements.

The Directors do not recommend distribution of a final dividend for the year ended 31 December 2024 (2023: Nil).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 13 of the notes to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in Note 23 of the notes to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association of the Company (the "**Articles**") or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

TAX RELIEF

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities. Shareholders are advised to consult an expert on the tax implications of purchasing, holding, disposing of, dealing in or exercising of any rights in relation to the Company's securities.

REDEMPTION, PURCHASE OR CANCELLATION OF THE COMPANY'S REDEEMABLE SECURITIES

Neither the Company nor any of its subsidiaries has redeemed, purchased or cancelled any of the Company's redeemable securities during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Reporting Period, pursuant to the general mandate granted to the Directors on 6 June 2024, the Company repurchased an aggregate of 6,188,000 ordinary shares of the Company on the Stock Exchange at an aggregate consideration of HKD7,952,000 (approximately RMB7,364,000) (inclusive of handling fee), in which 3,638,000 Shares were cancelled on 19 August 2024, and the remaining 2,550,000 Shares are held as treasury Shares of the Company.

		Purchase price per Share		
Month of Repurchase	**No. of Shares repurchased**	**Highest price paid** (HKD/Share)	**Lowest price paid** (HKD/Share)	**Aggregate consideration paid** (HKD)
July 2024	3,638,000	1.43	1.31	4,987,000
August 2024	1,462,000	1.40	1.31	1,985,000
October 2024	90,000	1.12	1.11	100,000
November 2024	514,000	0.85	0.82	430,000
December 2024	484,000	1.01	0.83	450,000
Total	**6,188,000**			**7,952,000**

The Board believes that the share repurchases demonstrate the Company's confidence in its own business outlook and prospects and would, ultimately, benefit the Company and create value to the Shareholders.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year are set out in Note 33(b) of the notes to the consolidated financial statements and consolidated statement of changes in equity on pages 118 to 119 and Note 25 of the notes to the consolidated financial statements, respectively.

As at 31 December 2024, the Company's reserves available for distribution to equity holders, comprising the share premium and accumulated losses, amounted to approximately RMB17.2 million (2023: approximately RMB31.2 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, revenue from the Group's five largest customers accounted for approximately 11.0% (2023: 17.9%) of the Group's total revenue and the revenue from the largest customer included therein accounted for approximately 5.3% (2023: 8.3%) of the Group's total revenue.

For the Reporting Period, supplies provided by the Group's five largest suppliers accounted for approximately 36.5% (2023: 44.0%) of the Group's total cost of sales and supplies provided by the largest supplier included therein accounted for approximately 9.1% (2023: 14.1%) of the Group's total cost of sales.

None of the Directors or any of their close associates or any shareholders of the Company (which, to the knowledge of the Directors, own more than 5% of the Company's issued Shares) had any interests in the Group's five largest customers and/or five largest suppliers for the Reporting Period.

EQUITY-LINKED AGREEMENT

Save for those disclosed in the sections headed "Share Award Plan and Share Option Scheme" in this annual report, the Company did not enter into any equity-linked agreement during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save for those disclosed in the sections headed "Share Award Plan and Share Option Scheme" in this annual report and "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company" in this Directors' Report, at no time during the year there were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had a total of 1,475 employees (2023: 1,260 employees).

The Remuneration Committee recommends the level of remuneration for Directors, subject to approval by the Board. The primary goal of the remuneration policy with regard to the remuneration packages of the Group's executive Directors is to enable the Group to retain and motivate executive Directors by linking their compensation with performance as measured against corporate objectives achieved. In order to determine the level of remuneration paid to the members of the Board, market rates and factors such as each Director's workload, performance, responsibility, job complexity and the Group's performance are taken into account. As part of the remuneration package, Board members may be granted a certain number of share options or awarded shares under share incentive schemes adopted by the Company from time to time. Such securities may be granted upon the recommendation of the Remuneration Committee and will be subject to approval by the Board or the Shareholders (if necessary).

Details of emoluments paid to each Director and the five highest paid employees in the Reporting Period are set out in Notes 34(a) and 8 of the notes to the consolidated financial statements.

The Group has formulated its emolument policy which sets out the basis for the remuneration of the employees and the remuneration structure of employees that comprises of basic wage, allowances, benefits and others, and grants employee share awards as appropriate based on the assessment of individual performance. The Company has made contributions to, among others, social insurance, medical insurance, housing provident fund and mandatory provident fund on behalf of its employees in accordance with the relevant laws and regulations requirements of the PRC and Hong Kong. The emoluments payable to employees of the Group are determined based on their responsibilities, qualifications, experiences and the role taken as well as the industry practices. Other benefits to the employees of the Group include, among other things, medical insurance, retirement scheme and training programmes. Details of training programmes and the share award plan are set out in the sections headed "Employee Training and Development" of the "Environmental, Social and Governance Report" and "Share Award Plan" in this annual report, respectively.

In respect of the remuneration paid or payable to the members of senior management (except Directors) of the Company for the year ended 31 December 2024, the remuneration paid or payable to members of the senior management of the Company by band is set out below:

	Number of individuals
Nil to RMB926,040 (equivalent to Nil to HKD1,000,000)	1
RMB926,041 to RMB1,852,080 (equivalent to HKD1,000,001 to HKD2,000,000)	2
	3

During the year ended 31 December 2024, none of the Directors and the five highest paid individuals of the Group (i) received or will receive any emolument from the Group as an inducement to join or upon joining the Group; (ii) received or will receive any compensation for loss of office as a director or management of any member of the Group; or (iii) waived or has agreed to waive any emoluments.

In order to recognise and reward the contribution of certain eligible participants to the growth and development of the Group, the Company adopted the Share Award Plan on 8 December 2022.

Please refer to the section headed "Share Award Plan" in this annual report for details.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors is engaged on a Director's service contract with the Company. The letters of appointment of INED also set out the specific terms and conditions relative to their respective appointment. All remuneration paid to executive Directors are covered by respective service contracts and all remuneration paid to non-executive Directors are covered by respective letters of appointment. Details of the terms of appointment of the Directors are disclosed in the section headed "Directors' Service Contracts and Letters of Appointment" of this Directors' Report.

Pursuant to Article 109 of the Articles, any Director appointed by the Board shall hold office until the next following general meeting of the Company and shall then be eligible for re-election. Also, pursuant to Article 105 of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including the non-executive Director and independent non-executive Directors) shall be subject to retirement by rotation at least once every three years.

Every newly appointed Director has been provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations.

In accordance with Article 105 of the Articles, Mr. Li Jun, Mr. Li Liang and Mr. Lo Chi Sum will retire by rotation at the forthcoming annual general meeting (the "**2025 AGM**"). All of the retiring Directors, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

Each of the executive Directors has entered into a Director's service contract for an initial term of three years commencing from their respective date of entering the contract and each of the INEDs has signed a letter of appointment with the Company for an initial term of three years commencing from their respective date of appointment. All of them are subject to retirement by rotation and re-election in accordance with the Articles.

No Director proposed for re-election at the 2025 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' remunerations are subject to Shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

Particulars of the Directors' emoluments for the year ended 31 December 2024 are set out in Note 34(b) of the notes to the consolidated financial statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or the management of the Company or their respective close associates (as defined under the Listing Rules) have any interests in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, or has any other conflict of interest with the Group during the year.

The Company has received from each of the Directors an annual confirmation of his/her undertaking as to non-competition with the business of the Group.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, the Directors and other officers for the time being of the Company shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices, except such (if any) as they shall incur or sustain through their own fraud or dishonesty.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group to protect the Directors and officers of the Group against any potential liability arising from the Group's activities which such Directors and officers may be held liable.

FINANCIAL REPORTING AND AUDIT

The Directors acknowledged their responsibility for preparing the consolidated financial statements that give a true and fair view in accordance with applicable statutory requirements and accounting standards and the requirements of the Listing Rules. The Group adopted the going concern basis in preparing its consolidated financial statements.

A statement by the external auditor of the Company about their reporting responsibilities is set out in the section headed "Independent Auditor's Report" in this annual report.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS

Apart from the particulars disclosed in Note 32 of the notes to the consolidated financial statements, there were no other transactions, arrangement or contracts of significance in relation to the Company's business, to which the holding company of the Company or any of the Company's subsidiaries or fellow subsidiaries was a party subsisting at the end of the year ended 31 December 2024 or at any time during the year ended 31 December 2024 in which a Director or an entity connected with the Director had, whether directly or indirectly, a material interest.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

For the year ended 31 December 2024, no contract of significance had been entered into between the Company or any of its subsidiaries and the controlling Shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

For the year ended 31 December 2024, no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling Shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries was entered into.

MANAGEMENT CONTRACTS

For the year ended 31 December 2024, other than the service contracts of the Directors, there was no contract entered into by the Company relating to its management and administration or subsisting during the year under review which is substantial to the entire or any part of the business of the Group.

CONNECTED TRANSACTIONS

Details of the related party transactions of the Company for the year ended 31 December 2024 and undertaken in the usual course of business are set out in Note 32 of the notes to the consolidated financial statements. None of these related party transactions constitutes a connected transaction or continuing connected transaction which are required to be disclosed in this annual report in compliance with the requirements under Chapter 14A of the Listing Rules. The Directors confirm that they have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

SHARE AWARD PLAN AND SHARE OPTION SCHEME

Details of movements in the share awards and share options during the year ended 31 December 2024 are set out in the section headed "Share Award Plan" in this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, the Directors and the Company's chief executive, and their respective associates had the following interests in the Shares and underlying Shares and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("**SFO**")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have been taken under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), or were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO:

Name of Director	Name of Group member/ associated corporation	Capacity/ Nature of interest	Number of Shares and underlying Shares held (Note 1)	Approximate percentage of Shares in issue (including treasury shares)
Mr. Li	The Company	Interest of controlled corporation	323,500,334 Shares (L) (Note 2)	23.32% (L)
	Starlink Vibrant	Beneficial owner	1 share	100%
Mr. Lo	The Company	Interest of controlled corporation	47,703,522 Shares (L) (Note 3)	3.43% (L)
	Cerulean	Beneficial owner	1 share	100%
Mr. Li Liang	The Company	Beneficial owner	44,628,200 Shares (L) (Note 4)	3.21% (L)
Ms. Zhao	The Company	Beneficial owner	1,000,000 Shares (L) (Note 5)	0.07% (L)

Save as disclosed above, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares and underlying Shares or any of its associated corporations as at 31 December 2024.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2024, the interests or short positions of the persons (other than a Director or chief executive of the Company whose interests are disclosed above) and corporations in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares and underlying Shares held (Note 1)	Approximate percentage of Shares in issue (including treasury shares)
Starlink Vibrant	Beneficial owner	323,500,334 Shares (L) (Note 2)	23.32% (L)
Yoshiaki Holding Corp ("**Yoshiaki**") (Note 6)	Beneficial owner	262,194,884 Shares (L)	18.85% (L)

Notes:

1. The letter "L" denotes a person's or a corporation's long position in the Shares. The letter "S" denotes a person's or a corporation's short position in the Shares.

2. These Shares were held by Starlink Vibrant, which was wholly owned by Mr. Li. Pursuant to the SFO, Mr. Li was deemed to be interested in a total of 323,500,334 Shares.

3. These Shares were held by Cerulean, which was wholly owned by Mr. Lo. Pursuant to the SFO, Mr. Lo was deemed to be interested in a total of 47,703,522 Shares.

4. Among which, 5,290,000 Shares were held by him beneficially and 39,338,200 Shares are awarded Shares granted to Mr. Li Liang at 10 January 2023 and approved by the independent shareholders of the Company at the extraordinary general meeting held on 27 February 2023.

5. Such shares are awarded Shares granted to Ms. Zhao on 10 January 2023 under the 2022 Share Award Plan of the Company adopted on 8 December 2022.

6. Yoshiaki is a company incorporated in the British Virgin Islands, which was wholly owned by Mr. Lu Jiayao. Pursuant to the SFO, Mr. Lu Jiayao was deemed to be interested in a total of 262,194,884 Shares.

Save as disclosed above, the Company is not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 31 December 2024.

AUDIT COMMITTEE, REMUNERATION COMMITTEE, NOMINATION COMMITTEE AND INVESTMENT COMMITTEE

Details of the Audit Committee, Remuneration Committee, Nomination Committee and Investment Committee of the Company are set out in the section headed "Corporate Governance Report" of this annual report.

SUFFICIENCY OF PUBLIC FLOAT

During the Reporting Period and up to the date of this Directors' Report, the Company has maintained the prescribed public float under the Listing Rules based on the information that is publicly available to the Company and within the knowledge of the Directors.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company comprises all the three INEDs, namely Dr. Yu Guo Jie, Mr. Ma Zhan Kai and Mr. Kong Hua Wei. They have reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2024.

AUDITOR

There has been no change in auditor of the Company during the three years prior to the date of this annual report.

Forvis Mazars CPA Limited (formerly known as Mazars CPA Limited) will retire and a resolution for their re-appointment as the auditor of the Company will be proposed at the 2025 AGM.

BUSINESS REVIEW

Business Performance and Future Outlook

For the business review and future outlook of the Group, please refer to the paragraphs headed "Business Review" and "Future Outlook" respectively in the section headed "Management Discussion and Analysis" in this annual report. This discussion forms part of this Directors' Report.

Principal Risks and Uncertainties

For the principal risks and uncertainties facing the Group, please refer to the section headed "Management Discussion and Analysis" in this annual report for further details. This discussion forms part of this Directors' Report.

Environmental Policies

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to maximise energy conservation in its offices by promoting efficient use of resources and adopting green technologies. For instance, the Group seeks to upgrade equipment such as lighting and air-conditioning systems in order to increase overall operating efficiency. To identify energy efficiency opportunities, the Group measures and records the energy consumption intensity from time to time. Details of the Group's environmental policies are set out in the "Environmental, Social and Governance Report" of this annual report.

Compliance with Relevant Laws and Regulations

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company during the Reporting Period including the Listing Rules, the PRC Labour Law, etc. Details of the relevant laws and regulations are set out in the "Environmental, Social and Governance Report" of this annual report.

Relationship with Employees

People are the Group's most valuable asset. The Group emphasises communication with staff and provides them with training and career development opportunities. It also recognises good performance and provides a variety of activities for staff to help them achieve a balance between work and life. The Group has established a good relationship with its employees throughout the year.

Relationship with Customers

The Group strives to deliver outstanding experiences and meaningful value to customers. To ensure continuous improvement of the quality of service, the Group pro-actively seeks customer feedback. The Group's superior service has been widely recognised, as evidenced by the growing customer base during the year.

Relationship with Suppliers

The Group has established a long standing cooperation relationship with its suppliers. The Group also consistently upholds and strengthen our cooperation with suppliers.

CHARITABLE DONATIONS

During the year ended 31 December 2024, no charitable contributions and other donations were made by the Group (2023: RMB3.0 million).

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material subsequent events after the Reporting Period.

On behalf of the Board
Li Jun
Chairman

Hong Kong, 27 March 2025

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CULTURE AND STRATEGY

As a leading all-media service provider in China, the Group is focusing on the full range of media services, managing to improve its technology and operational capabilities to promote consumers to a better and high-quality life, and striving to become a reliable friend to consumers and businesses while providing better products and better services. The Group invests prudently in new media services and television broadcasting business and it generates and preserves value by investing in these businesses and pursuing growth opportunities.

The Group is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholder wealth will be maximised in the long-term and that its employees, those with whom it does business and the communities in which it operates will all benefit. The Group embraces a culture of perfection, integrity, altruism, compassion and long-termism and Directors lead the drive to promote this culture across the organisation. Meanwhile, Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards.

The Board believes that good corporate governance standards are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

The Company has applied the principles as set out in the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Listing Rules which is applicable to the corporate governance report of the Company for the financial year ended 31 December 2024. The Company is aware that the Stock Exchange has amended Appendix C1 to the Listing Rules, which has come into effect from 31 December 2024.

The Board is of the view that throughout the year ended 31 December 2024, the Company has complied with all the code provisions as set out in the CG Code.

A. Model Code for Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions (the "**Securities Dealing Code**") on terms no less exacting than the required standard set out in the Model Code (with certain modifications).

The Securities Dealing Code applies to all the Directors and all the relevant employees to whom the Securities Dealing Code is given and who are informed that they are subject to its provisions.

Specific enquiry has been made of all the Directors and all the relevant employees and they have confirmed that they have complied with the required standard set out in the Securities Dealing Code throughout the year ended 31 December 2024.

B. Board of Directors

The Board oversees the Company's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from the Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

1. Board Composition

As at 31 December 2024, the Board comprised seven Directors, consisting of four executive Directors and three independent non-executive Directors, as follows:

Executive Directors:
Mr. Li Jun *(Chairman of the Board, member of the Nomination Committee)*
Mr. Li Liang *(Chief Executive Officer, Chairman of the Investment Committee)*
Mr. Lo Chi Sum
Ms. Zhao Hui Li *(member of each of the Remuneration Committee and the Investment Committee)*

Independent Non-executive Directors:
Mr. Ma Zhan Kai *(Chairman of each of the Remuneration Committee and the Nomination Committee, member of each of the Audit Committee and the Investment Committee)*
Dr. Yu Guo Jie *(Chairman of the Audit Committee)*
Mr. Kong Hua Wei *(member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee)*

Mr. Lo Chi Sum has resigned as the chief executive officer and the chairman of the investment committee of the Company on 5 December 2024 and Mr. Li Liang has been appointed as the chief executive officer and the chairman of the investment committee of the Company on 5 December 2024.

The biographical information of the Directors as at the date of this annual report are set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

The Board has met the requirements of Rule 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive directors representing at least one-third of the Board.

None of the Directors has any relationship (including financial, business, family or other material relevant relationship) with any other Directors or any chief executive.

2. Chairman and Chief Executive Officer

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

The position of chairman and chief executive officer are separately hold by Mr. Li Jun and Mr. Li Liang, respectively. This segregation ensure a clear distinction between the chairman's responsibility to manage the Board and the chief executive officer's responsibility to manage the Company's business.

3. Independent Non-executive Directors

During the year ended 31 December 2024, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

4. Appointment and Re-election of Directors

Code provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years, whereas Article 109 of the Articles states that any director appointed to fill a casual vacancy or as an additional director shall be subject to re-election by shareholders at the first annual general meeting after his/her appointment.

Each of our executive Directors has entered into a service contract with the Company for a term of three years. Furthermore, the Board confirms the term of appointment and functions of all independent non-executive Directors and Board committee members with formal letter of appointment. Each independent Non-executive Director is appointed for an initial term of three years, unless terminated in accordance with the terms and conditions of appointment letter or by either party giving to the other not less than three month's notice in writing expiring at the end of the initial term or at any time thereafter, and is subject to retirement by rotation and re-election once every three yeas under the Articles.

5. Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control of the Company and oversees the Group's businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. Directors take decisions objectively in the interests of the Company.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have full and timely access to all the information of the Company as well as the services and advice from the company secretary and senior management. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and coordinating the daily operation and management of the Company are delegated to the management.

The Board authorises the management to implement the strategies as approved by the Board. The management is responsible for the day-to-day operations of the Group and reports to the Board. For this purpose, the Board has formulated clear written guidelines which stipulate the circumstances where the management should report to and obtain prior approval from the Board before making decisions or entering into any commitments on behalf of the Group. The Board will conduct regular review on these authorisation and guidelines from time to time.

6. Continuous Professional Development of Directors

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings and trainings for Directors would be arranged where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

The records of training and continuous professional development that have been received from the Directors for the year ended 31 December 2024 are summarised as follows:

Directors	Type of Training (Note)
Mr. Li Jun	A & B
Mr. Li Liang	A & B
Mr. Lo Chi Sum	A & B
Ms. Zhao Hui Li	A & B
Mr. Ma Zhan Kai	A & B
Dr. Yu Guo Jie	A & B
Mr. Kong Hua Wei	A & B

Notes:

Type of Training

A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops

B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

C. Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

A summary of the Board Independence Evaluation Mechanism is set out as follows:

- The Nomination Committee will assess the independence of all INEDs on an annual basis and confirm that each INED continues to meet the independence standards set out in the Listing Rules and that there are no relationships or circumstances that may affect their independent judgment;
- An annual review of Board independence will be conducted to ensure that it remains objectively independent;
- Directors may seek independent professional advice in the performance of their duties, at the Company's expense; and
- Directors are encouraged to have independent access to and consult with senior management of the Company (if required).

During the year ended 31 December 2024, all the independent non-executive Directors has completed the independence evaluation in the form of a questionnaire individually and the results were presented to the Board and the evaluation results were satisfactory.

During the year ended 31 December 2024, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

D. Board Committees

The Board has established four committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with defined written terms of reference. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

As at 31 December 2024, the majority of the members of the Audit Committee, the Remuneration Committee and the Nomination Committee are independent non-executive Directors. The list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" in this annual report.

1. Audit Committee

The Audit Committee comprises three independent non-executive Directors, namely Dr. Yu Guo Jie, Mr. Ma Zhan Kai and Mr. Kong Hua Wei. Dr. Yu Guo Jie, being the chairman of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules.

The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial information and oversee the financial reporting, risk management and internal control systems of the Company.

During the Reporting Period, the Audit Committee held two meetings and a summary of the work performed by the Audit Committee during the Reporting Period is set out as follows:

- reviewed with the financial personnel and the external auditor the effectiveness of audit process and the accounting principles and practices adopted by the Group, and the accuracy and fairness of the annual consolidated financial statements for the financial year ended 31 December 2023 and the interim condensed consolidated financial statements for the six months ended 30 June 2024;

- reviewed with the senior management and finance personnel the effectiveness of the risk management, internal control systems, internal audit function and risk management updates of the Group during the Reporting Period;

- recommended to the Board on the re-appointment of external auditor at the annual general meeting held on 6 June 2024 ("**2024 AGM**"); and

- approved the audit plan for the Reporting Period, reviewed the independence of the external auditor and approved its engagement.

The Audit Committee also met the external auditor without the presence of the executive Directors and the management of the Company.

2. Remuneration Committee

The Remuneration Committee comprises two independent non-executive Directors, namely Mr. Ma Zhan Kai and Mr. Kong Hua Wei and an executive Director, namely Ms. Zhao Hui Li. Mr. Ma Zhan Kai is the chairman of the Remuneration Committee.

The primary functions of the Remuneration Committee include making recommendations to the Board on the overall remuneration policy and structure relating to all Directors and senior management; making recommendations to the Board on the remuneration packages of individual executive Directors and senior management; reviewing performance-based remuneration and ensuring that no Director or any of his/her associates is involved in deciding his/her own remuneration.

During the Reporting Period, the Remuneration Committee held two meetings and a summary of the work performed by the Remuneration Committee during the Reporting Period is set out as follows:

- reviewed the Director's fee and made recommendation to the Board;

- reviewed the current remuneration structure and package of the Directors and recommended the Board approve their specific packages;

- reviewed and approved matters relating to share schemes under Chapter 17 of the Listing Rules; and

- recommended to the Board the remuneration package for the Chief Executive Officer appointed during the Reporting Period.

3. **Nomination Committee**

The Nomination Committee comprises two independent non-executive Directors, namely Mr. Ma Zhan Kai and Mr. Kong Hua Wei and an executive Director, namely Mr. Li Jun. Mr. Ma Zhan Kai is the chairman of the Nomination Committee.

The primary duties of the Nomination Committee include reviewing the structure, size and composition (including the skills, knowledge and experiences) of the Board at least annually and making recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy; identifying individuals suitably qualified as potential Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships; assessing the independence of the independent non-executive Directors; and making recommendations to the Board on the appointment or re-appointment of Directors and succession planning of Directors, in particular that of the Chairman and the Chief Executive Officer.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree annually on measurable objectives for achieving diversity on the Board, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the Reporting Period, the Nomination Committee held two meetings and a summary of work performed by the Nomination Committee during the Reporting Period is set out as follows:

- reviewed the structure, size, composition and diversity of the Board;
- monitored the independence of the INEDs for the purpose of the Listing Rules;
- monitored and reviewed the Group's diversity and inclusion development;
- recommended to the Board on the re-election of Director at the 2024 AGM; and
- recommended to the Board on changes to its composition of the Board, the appointment and resignation of Chief Executive.

The Nomination Committee considered an appropriate balance of diversity perspectives of the Board in terms of age, cultural and educational background, professional experience, skills, knowledge and length of service is maintained and did not recommend any changes to the measurable objectives set for implementing diversity on the Board. A summary of the Board Diversity Policy and the Director Nomination Policy are set out below.

- *Board Diversity Policy*
  The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance and adopted a Board Diversity Policy aiming to set out the approach to achieve diversity on the Board on 13 June 2014 and amended the Board Diversity Policy on 28 December 2018. The implementation of the policy is monitored by the Nomination Committee. The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender.

  Pursuant to the Board Diversity Policy, the Nomination Committee will discuss and agree annually measurable objectives for implementing diversity on the Board, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and length of service, and recommend them to the Board for adoption. The Nomination Committee of the Board will also ensure that recruitment and selection procedures of director candidates are appropriately structured so that a diverse range of candidates are considered by the Company. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

  The Company will review annually on its diversity, including the gender proportion of the Board, senior management and staff, and monitor the progress on achieving these diversity objectives. The Company aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender.

  For the purpose of implementation of the Board Diversity Policy, the measurable objectives adopted include (a) at least one-third of the members of the Board shall be independent non-executive directors; (b) at least one of the members of the Board shall have obtained accounting or other professional qualifications; and (c) at least one of the members of the Board shall be female. The current Board's composition under diversified perspectives is disclosed in the biographical information of the Directors set out in the section headed "Biographical Details of Directors and Senior Management" in this annual report.

  An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender	**Age Group**
Male: 6 Directors Female: 1 Director	31–40: 2 Directors 41–50: 2 Directors 51–60: 1 Director 61–70: 2 Directors
Designation	**Educational Background**
Executive Directors: 4 Directors Independent Non-executive Directors: 3 Directors	Business Administration: 3 Directors Account and Finance: 2 Directors Other: 2 Directors

Nationality	Business Experience
Chinese: 7 Directors	All of the Directors have abundant industry experiences and knowledge related to the Group's business

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Gender Diversity
The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	Male
Directors	14.3% (1)	85.7% (6)
Senior Management	66.7% (2)	33.3% (1)
Other employees	53.9% (789)	46.1% (676)
All Directors and employees	53.7% (792)	46.3% (683)

The Board had targeted to achieve and had achieved at least 10% of female Directors, 50% of female senior management and 50% of female employees of the Group and considers that the above current gender diversity is satisfactory.

The Company has taken and will continue to take steps to promote diversity at all levels of its workforce. Opportunities for employment, training and career development are equally opened to all eligible employees without discrimination.

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 55 to 106 of this annual report.

- *Director Nomination Policy*
  The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

  The Company adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- character and integrity;
- qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- any measurable objective adopted to achieve diversity of the Board;
- requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings as follows:

- When it is necessary to fill a casual vacancy or appoint an additional Director:
  i. the Nomination Committee identifies or selects candidates pursuant to the criteria set out above;
  ii. the Nomination Committee makes recommendation to the Board; and
  iii. the Board deliberates and decides on the appointment based upon the recommendation of the Nomination Committee.
- When it is necessary to re-appoint an existing Director on a general meeting:
  i. The Nomination Committee reviews overall contribution and service of the retiring Director to the Company and determines whether the retiring Director continues to meet the criteria as set out above;
  ii. The Nomination Committee makes recommendation to the Shareholder on the re-appointment; and
  iii. Shareholders deliberate and decide on the re-appointment based upon the recommendation of the Nomination Committee.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

4. Investment Committee

The Investment Committee comprises an INED, namely Mr. Ma Zhan Kai and two executive Directors, namely Mr. Li Liang and Ms. Zhao Hui Li. Mr. Li Liang is the chairman of the Investment Committee.

The primary duties of the Investment Committee are to consider and approve transaction(s) (as defined under Chapter 14 of the Listing Rules) (the "**Transaction(s)**") not being conducted by the Company in its ordinary course of business and having a consideration of not more than HKD30 million (or its RMB equivalent); and to consider and approve other relevant matters as referred to it by the Board from time to time (other than some matters specifically reserved for the Board's consideration, such as, connected transactions within the meaning of Chapter 14A of the Listing Rules, share transactions and transactions discloseable under Chapter 14 of the Listing Rules). Any Transaction(s) considered by the Investment Committee shall be approved by Mr. Li Jun, the Chairman and any one other executive Director.

During the Reporting Period, the Investment Committee did not hold any meeting.

5. Corporate Governance Functions

The Board is responsible for performing the functions set out in code provision A.2.1 of the CG Code.

The terms of reference of the Board include, among others, (i) developing and reviewing the Group's policies and practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of the Directors and senior management; (iii) reviewing and monitoring the Group's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and the Directors; and (v) reviewing the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

E. Attendance Records of Directors

The attendance records of each Director at the Board meetings, Board committee meetings and the general meetings of the Company held during the year ended 31 December 2024 is set out in the table below:

	Attendance/Number of Meetings					
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Investment Committee	Annual General Meeting
Mr. Li Jun	4/4	–	–	2/2	–	1/1
Mr. Lo Chi Sum	4/4	–	–	–	–	1/1
Mr. Li Liang	4/4	–	–	–	–	1/1
Ms. Zhao Hui Li	4/4	–	2/2	–	–	1/1
Mr. Ma Zhan Kai	4/4	2/2	2/2	2/2	–	1/1
Dr. Yu Guo Jie	4/4	2/2	–	–	–	1/1
Mr. Kong Hua Wei	4/4	2/2	2/2	2/2	–	1/1

During the year ended 31 December 2024, an annual general meeting of the Company was held on 6 June 2024. The Company held a total of four Board meetings during the year ended 31 December 2024. Apart from regular Board meetings, the Chairman also held a meeting with the independent non-executive Directors without the presence of other executive Directors during the year.

F. Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems of the Group and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Nevertheless, the Board remains committed to minimizing and managing these risks.

The Board and the senior management have the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. Highlights of the Group's risk management and internal control systems include the following:

- Code of conduct — The Company's code of conduct explicitly communicates to each employee its values, acceptable criteria for decision-making and its ground rules for behavior.

- Process to identify and manage significant risks and material internal control defects — Significant risks or internal control defects identified by the management during the ordinary business operation of the Group will be reported to the Board as soon as practicable for further evaluating and management. A Board meeting will be held to conduct review and evaluation on the significant risks or internal control defects and appropriate actions will be taken to control the risks or to improve the internal control defects. During the year ended 31 December 2024, no material internal control failings or weaknesses have been identified by the Board or the senior management.

- Internal audit functions — The internal audit functions of the Group have been performed by the collaboration of the Board's office, chief executive's office, financial accounting department, legal and compliance department and human resources department recommending necessary by regular financial and operational review and recommending necessary actions to the management. The works carried out by the aforesaid departments of the Company ensure the risk management and internal control measures are in place and function properly as intended. The results of the internal audit and reviews are reported to the executive Directors and the Audit Committee.

- Compliance with the Listing Rules and relevant laws and regulations — The Group will continue to monitor its compliance with relevant laws and regulations and continue to arrange for various trainings to be provided by its legal advisers or other professional parties to the Directors and management on the Listing Rules, laws and regulations of the relevant regions, etc.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems. The management has reported and confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems during the year ended 31 December 2024.

The Board, as supported by the Audit Committee as well as the management, conducted an annual review on the risk management and internal control systems, including the financial, operational and compliance controls of the Group during the year ended 31 December 2024, to ensure the adequacy of resources, staff qualifications and experience, training programs and budget of accounting, internal audit, training reporting, etc. The Board considered that such systems and the process for financial reporting and Listing Rules compliance are effective and adequate.

The Group has adopted the Guidance on Information Disclosure (《交個朋友控股有限公司信息披露指引》) which provides a general guide to the Company's Directors, Chief Executive Officer, senior management and relevant employees in handling confidential information, monitoring information disclosures and responding to enquiries. The policy is to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure is made in accordance with the Listing Rules. The policy regulates the handling and dissemination of inside information, which includes:

- Designated responsible persons and departments for managing and handling the inside information;
- Specified disclosure requirements under the Listing Rules; and
- Stipulated disclosure procedures.

Significant risks of the Company:

During the Reporting Period, the Company identified the following significant risks and related management measures implemented through the risk management assessment system. As the complexity of the Group's business increases and the external environment continues to change, the risk profile faced by the Company may change, and the risks described below are not all-inclusive.

1. *Risk of lagging in technological iteration*

   Against the backdrop of rapid technological iteration and stricter regulations, lagging technology may trigger operational risks. In terms of operational efficiency, the old technology architecture affects the efficiency of user profiling and product selection, which may reduce the conversion rate and drive up costs. In terms of emerging market expansion, the lack of key technologies hinders the layout in cross-border and vertical fields, weakening long-term competitiveness. In terms of data security, technological lag increases the risks of cyberattacks and information leakage.

   We have established an information technology department and mobilized all employees across the entire business domain. Centering around AI-driven digital transformation, we are continuously enhancing management efficiency and business expansion capabilities. Our self-developed "Be Friends Cloud" intelligent live-streaming platform integrates e-commerce business across all scenarios. Relying on AI-driven intelligent analysis, it improves the accuracy of product selection and conversion rates. Through precise traffic placement, it curbs the rising costs and continuously iterates the dynamic cost-benefit optimization model to further reduce costs and increase efficiency. In terms of the technical system, through an AI-driven real-time monitoring system and a multi-layered security protection architecture, data security is ensured from three dimensions: intelligent early warning, institutional regulations, and personnel training.

2. *Public opinion risk*

Based on the characteristics of real-time content dissemination and strong user interaction, live-streaming e-commerce will face constantly changing public opinion risks. Negative information caused by the quality of the products themselves and false publicity may spread rapidly through the communication channels, thus triggering a reputation crisis. Information verification loopholes or deliberate misleading in the dissemination by the live-streamer or a third party can easily lead to false public opinion, which may trigger legal disputes and directly damage business credibility.

On the product selection side, we ensure that the products listed on the shelves are safe and compliant through strict supplier access reviews and dynamic screening of product qualifications, safeguarding consumers' trust in product quality from the source. On the promotion side, we implement an AI pre-review of content safety plus a manual review mechanism, embedding legal compliance throughout the business process to eliminate false advertising and vulgar marketing, so that every live-stream delivers true and reliable information. In addition, we have established a professional brand marketing department. Through a 7x24 hours AI public opinion monitoring and graded response mechanism, we ensure timely responses to major public opinion events and issue statements as needed. In collaboration with the legal compliance department, we have established a standardized fact-checking process and adopted a dual-track strategy of technological prevention and legal protection, forming a prevention and control closed-loop for rapid traceability and precise handling.

3. *Regulatory and compliance risks*

Local governments continue to strengthen the supervision of the live-streaming e-commerce industry and the protection of intellectual property rights. If new control measures are introduced, the Company may face higher compliance costs and even suffer penalties for violations. In terms of intellectual property rights, counterfeit goods may spread through the traffic of live-streaming, which may lead to infringement disputes. Moreover, cross-border business faces the dilemma of multi-jurisdictional protection, and the ambiguity of the copyright ownership of real-time live-streaming content exacerbates the above uncertainties.

Our legal and compliance department has taken a series of measures to ensure that the Company's operations comply with regulatory requirements and effectively protect intellectual property rights. The department has full-time staff to track the dynamics of e-commerce regulations, capture policy changes in real-time, and promptly update the internal standards for all aspects of the live-streaming business, so that the operational standards always meet the requirements of laws, administrative regulations and various regulatory provisions. Regarding intellectual property protection, we have established a closed-loop mechanism of "prevention – monitoring – rights protection". Through technical means and manual monitoring, potential infringement acts can be discovered in a timely manner. We also promptly coordinate with the business department and take proactive legal measures.

4. *Risk of talent loss*

Increased competition in the industry will lead to a rise in the risk of employee turnover for the company. The loss of key talents is easily regarded by the public as a sign of strategic or cultural flaws, thus damaging brand trust. In the field of live-streaming e-commerce, the outflow of top live-streamers will directly weaken brand credibility, accelerate the spread of negative information, and cause double damage to both business and reputation.

Our human resources department has established a multi-dimensional talent retention system based on industry characteristics, alleviating the dependence on key positions through echelon cultivation and flexible incentives. We carefully select products through a matrix layout and do not rely on a single live-streamer. For outstanding live-streamers, we simultaneously strengthen IP co-construction and non-compete protection. We also enhance the live-streamers' sense of belonging through the dual live-streamers of "cultural identity + commercial interests", transforming the risk of talent turnover into an opportunity for organizational capability upgrading.

G. Directors' Responsibility In Respect of the Consolidated Financial Statements

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern.

The statement of the independent auditor of the Group about their reporting responsibilities in the consolidated financial statements is set out in the section headed "Independent Auditor's Report" in this annual report.

H. Auditor's Remuneration

The remuneration paid/payable to the Company's external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2024 amounted to RMB1.90 million and RMBNil respectively.

An analysis of the remuneration paid/payable to the external auditor of the Company, Forvis Mazars CPA Limited, in respect of audit services and non-audit services for the year ended 31 December 2024 is set out below:

Service Category	Fees Paid/Payable (RMB)
Audit Services	
— Annual audit for the year ended 31 December 2024	1.90 million
TOTAL	1.90 million

I. Company Secretary

Ms. Chan Sze Ting of Tricor Services Limited (a member of Vistra Group), external service provider, has been engaged by the Company as the company secretary. Her primary contact person of the Company is Mr. Li Jun, the Chairman and an executive Director.

In compliance with Rule 3.29 of the Listing Rules, Ms. Chan Sze Ting has undertaken no less than 15 hours of relevant professional training for the year ended 31 December 2024.

J. Shareholders' Rights

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

1. Convening an Extraordinary General Meeting

Extraordinary general meetings may be convened on the requisition of one or more shareholders (including a recognized clearing house (or its nominee)) holding, at the date of deposit of the requisition, in aggregate not less than one-tenth of the voting rights (on a one vote per share basis) in the share capital of the Company pursuant to Article 64 of the Articles. Such requisition shall be made in writing to the Directors or the company secretary of the Company for the purpose of requiring an extraordinary general meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

2. Putting Forward Proposals at General Meetings

To put forward proposals at a general meeting of the Company, a shareholder should lodge a written notice of his/her/its proposal (the "**Proposal**") with his/her/its detailed contact information at the Company's address as mentioned below. The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

3. Procedures for Shareholders to Propose a Person for Election as a Director

If a shareholder wishes to propose a person (the "**Candidate**") for election as a director at a general meeting, he/she should deposit (i) a written notice of the intention to propose the Candidate for election as a director; and (ii) a written notice by the Candidate of his/her willingness to be elected to the Company or the Company's branch share registrar in Hong Kong at the address mentioned below at least seven clear days before the date of the general meeting and the period for lodgement of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and shall be at least seven clear days in length.

4. Putting Forward Enquiries to the Board

Shareholders may put forward any enquiries or requisitions to the Board by sending written enquiries to the Company.

5. Procedures for Raising Enquiries

Shareholders may send their enquiries or requests as mentioned above to the following:

Address:	Unit 10, 4/F., Kwai Cheong Center, No. 40–52 Kwai Cheong Road, New Territories, Hong Kong
Attention:	Board of Directors
Email:	investor@befriends.com.cn

Shareholders should direct their enquiries about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are as follows:

Tricor Investor Services Limited

Address:	17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email:	is-enquiries@vistra.com
Tel:	(852) 2980 1333
Fax:	(852) 2810 8185

Shareholders are encouraged to make enquires via the online enquiry form available on the Company's website at www.befriends.com.cn and are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate. The Company will not normally deal with verbal or anonymous enquiries.

K. Communication with Shareholders and Investors

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

L. Policies relating to Shareholders

The Company has in place a Shareholders' Communication Policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

A summary of the Shareholder's Communication Policy is set out as follows:

- Shareholders and the investors may at any time make a request for the Company's information to the extent such information is publicly available;

- Corporate communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding;

- Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents, etc;

- Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings;

- Board members, in particular, the chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer Shareholders' questions; and

- Investors/analysts briefings and one-on-one meetings, media interviews, etc. will be available on a regular basis in order to facilitate communication between the Company, Shareholders and the investors.

During the Reporting Period, the Company held one general meeting with all Directors attended to answer questions from the Shareholders. All the public information published on the Stock Exchange have also been published on the Company's website in English and Chinese versions to facilitate the Shareholder's understanding. Several investors' briefings or one-on-one meetings have been arranged to enhance communication with the Shareholders and investors.

Based on the information set out in the above paragraphs, the implementation of the Shareholders' Communication Policy, which has been reviewed during the Reporting Period, is considered to be effective.

The Company has adopted a Dividend Policy on payment of dividends. The Company do not have any pre-determined dividend payout ratio. Depending on the financial conditions of the Company and the Group and the conditions and factors, including but not limited to the actual and expected financial performance of the Company, Shareholders' interests and the Group's debt-to-equity ratio and return on equity ratio, etc., as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the Shareholders' approval.

M. Company's Constitutional Documents

During the year ended 31 December 2024, the Company has adopted its amended and restated Memorandum and Articles of Association pursuant to the shareholders' resolutions passed on 6 June 2024. Details of the amendments are set out in the Company's circular dated 23 April 2024 issued to the Shareholders. The amended and restated Memorandum and Articles of Association, is available on the websites of the Company (https://www.befriends.com.cn/) and the Stock Exchange.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

INTRODUCTION

Be Friends Holding Limited (the "**Company**" or "**We**") together with its subsidiaries (the "**Group**") presents the Environmental, Social and Governance Report ("**ESG Report**" or the "**Report**") for the year ended 31 December 2024 for the purpose of disclosing the Group's environmental, social and governance measures and performance, and summarizes the Group's management of major environmental, social and governance issues that would affect its operations.

REPORTING BOUNDARY AND PERIOD

This Report covers the Company and its subsidiaries, encompassing information and data from 1 January 2024 to 31 December 2024 ("**Reporting Period**"). Any information beyond this boundary will be separately noted.

REPORTING BASIS AND FRAMEWORK

The Report is principally prepared with reference to Appendix C2 *Environmental, Social and Governance Reporting Guidelines* (the "**ESG Guidelines**") of the Listing Rules of The Stock Exchange of Hong Kong Limited ("**HKEX**") (the "**Listing Rules**") and *Hong Kong Financial Reporting Standard S1 — General Requirements for Disclosure of Sustainability-related Financial Information* in compliance with the disclosure requirements of the "comply or explain" provisions under the ESG Guidelines.

Materiality: Our ESG-related materiality is determined by the Board of Directors (the "**Board**") after discussion with reference to the ESG Guidelines. The procedure for stakeholder communication and material issue identification and material issue matrix are disclosed in the Report.

Quantification: The statistical standards, methods, assumptions and/or calculation tools for quantitative key performance indicators, and the sources of conversion factors, are defined in the definitions of this Report.

Balance: This Report presents the Group's performance for the Reporting Period in an objective and fair manner, avoiding selections, omissions or formats of presentation that might improperly influence the decisions or judgments of the readers of this Report.

Consistency: The statistical methods and metrics used in this Report remain consistent unless otherwise specified. Any changes in methodology are explained in the annotations.

PUBLICATION OF REPORT AND APPROVAL

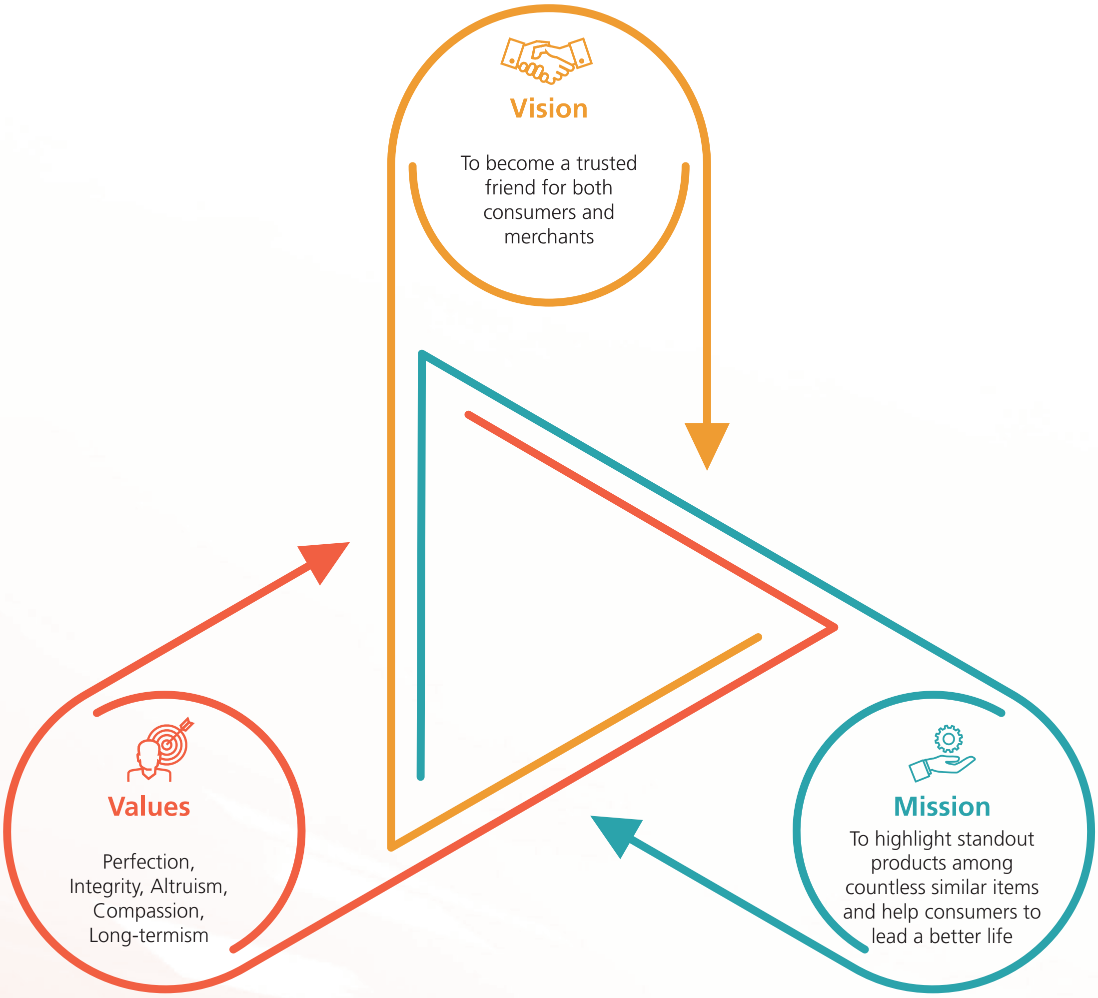
This Report discloses in detail the progress of the Group's ESG efforts and target setting for the financial year 2024. It has been approved by the Board to be released in conjunction with the annual report. The relevant electronic version can be found on the Group's website (www.befriends.com.cn) and the website of the HKEX (www.hkexnews.hk).

ABOUT US

GROUP PROFILE

The Group is a leading all-media service provider in China, mainly providing services of comprehensive video application involving full-chain services including live-streaming, video content production, product sales, and system maintenance to new media platforms, industrial customers and broadcasters, etc. The Group has been committed to utilizing video technology and services for the further expansion of the Group's service capabilities in the all-media market, especially the new media market.

OUR CORPORATE CULTURE



OUR AWARDS AND HONORS

2024 Annual Live Streaming Institution

NewRank Conference

The Top 10 Short — video and Live — streaming Teams of the Decade

CEIS 2024
Golden Pufferfish Award

Live-streaming E-commerce Institution of the Year; Quality Live-streaming Studio of the Year

The 9th TopKlout
New Media Conference

Best Live Streaming Service Provider

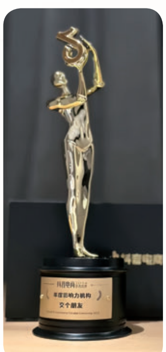
11th Golden Wheat Awards

Live-streaming E-commerce Leading Enterprise Award

26th Hangzhou West Lake International Expo

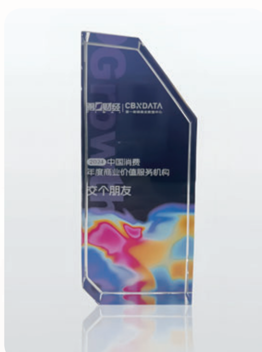
New Quality Productive Forces Live Channel Partner in Hangzhou High-Tech Zone (Binjiang)

Publicity Department of the Party Committee of Hangzhou High-Tech Zone (Binjiang)



Best Live Streaming Service Provider

Douyin E-commerce



2024 China Consumer Annual Commercial Value Service Institution

Yicai, CBNData

2024 Annual TOP Institution
Annual Top Anchor
Annual Marketing Pioneer Award

Taobao Live

SUSTAINABILITY GOVERNANCE

THE BOARD STATEMENT

The Board of the Group highly regards environmental, social and governance ("**ESG**") work and is the highest decision-making and responsible body of ESG matters. It reviews the Group's ESG strategies and key work priorities annually, and monitors the ESG matters that may affect the Group's business operation, shareholders and other stakeholders.

The Group attaches great importance to the opinions and recommendations of various stakeholders, and maintains close contact with key stakeholders through diversified communication channels to ensure that significant ESG issues and potential risks faced by the Group can be identified and determined in a timely manner. The Group continues to optimize its ESG-related strategies and policies to ensure that all the major issues are effectively managed.

The Group has established specific indicators related to various aspects of employee diversity, talent development and product responsibility, which are regularly reviewed by the Board of Directors to assess the condition of their progress in achieving them and to determine whether adjustments or improvements are necessary, so as to promote the Group's continuous and substantial progress in realizing its ESG objectives.

ESG RISK MANAGEMENT

ESG risk management is a core element of our group sustainability. We have formulated an integrated ESG strategy to ensure that major ESG issues are fully integrated into the Group's strategic planning and daily operating decisions, and a long-term mechanism has been established. At the same time, we have established a comprehensive risk management and internal control system to ensure that ESG matters are deeply integrated with our risk management strategy, not only in our core business, but also permeating management processes at all levels. To ensure that the environmental, social, and governance impacts of the Group's operations are properly managed while pursuing economic benefits.

With respect to risk information disclosure, the Board assumes major supervisory responsibilities to ensure that the Group's ESG risk management and information disclosure are in compliance with relevant laws, regulations and industry standards. Through continuous communication with investors, customers, suppliers and other stakeholders, we strive to enhance transparency and continuously increase our reliability and recognition in public.

ESG MANAGEMENT SYSTEM

As the highest decision-making organization for the Group's ESG strategy and management, the Board regularly evaluates and reviews ESG-related risks and opportunities, and comprehensively performs its supervisory and guidance duties. The Board ensures that ESG elements are deeply integrated into the Group's strategic framework and day-to-day operational decisions, covering the core aspects of ESG strategy formulation, target setting, KPI decomposition, and implementation monitoring. While pursuing economic benefits, the Board strictly supervises the simultaneous promotion of environmental sustainability and social responsibility.

In order to systematically promote ESG work, the Group has set up a ESG Management Working Group, comprising senior management and relevant personnel in charge of ESG affairs in each department. The working group regularly reports to the Board on the progress in achieving ESG objectives, the results of deliberations on major issues and the analysis of annual performance, ensuring the Board real-time control of ESG performance through regular communication and data support. Eventually, the ESG Report reviewed by the Board will fully demonstrate the Group's comprehensive performance and future plans in the field of ESG governance.

ESG GOVERNANCE STRUCTURE

The Group has established a three-level ESG governance structure, forming a progressive mechanism in which the Board of Directors coordinates decision-making, the management supervises execution and the executive level implements the plan, so as to ensure that ESG concepts are deeply integrated into the entire process of the Group's management. The structure is divided into three parts: the Board, the ESG Management Working Group, and the ESG Specialized Execution Group, each level's responsibility is as followed:

Organizational Structure	Responsibility	Responsibilities and Tasks
The Board	Top decision-making institution for the ESG strategy	• Audit the ESG strategy and annual report; • Assess ESG and climate related material risks and opportunity; • Approve ESG key issues and resourcing proposals; • Monitor the achievement of ESG performance targets.
The ESG Management Working Group	ESG strategy implementation and monitoring	• Set up an annual ESG and climate action plans and metrics; • Review ESG policy system and implementation program; • Coordinate the advancement of cross-sector ESG projects; • Report regularly to the Board on progress and make recommendations for optimization.
The ESG Specialized Execution Group	ESG daily business execution and feedback	• Coordinate and implement ESG and climate-related tasks; • Regularly collect ESG and climate data and prepare executive reports; • Promote ESG and climate awareness training and culture building activities.

STAKEHOLDER ENGAGEMENT

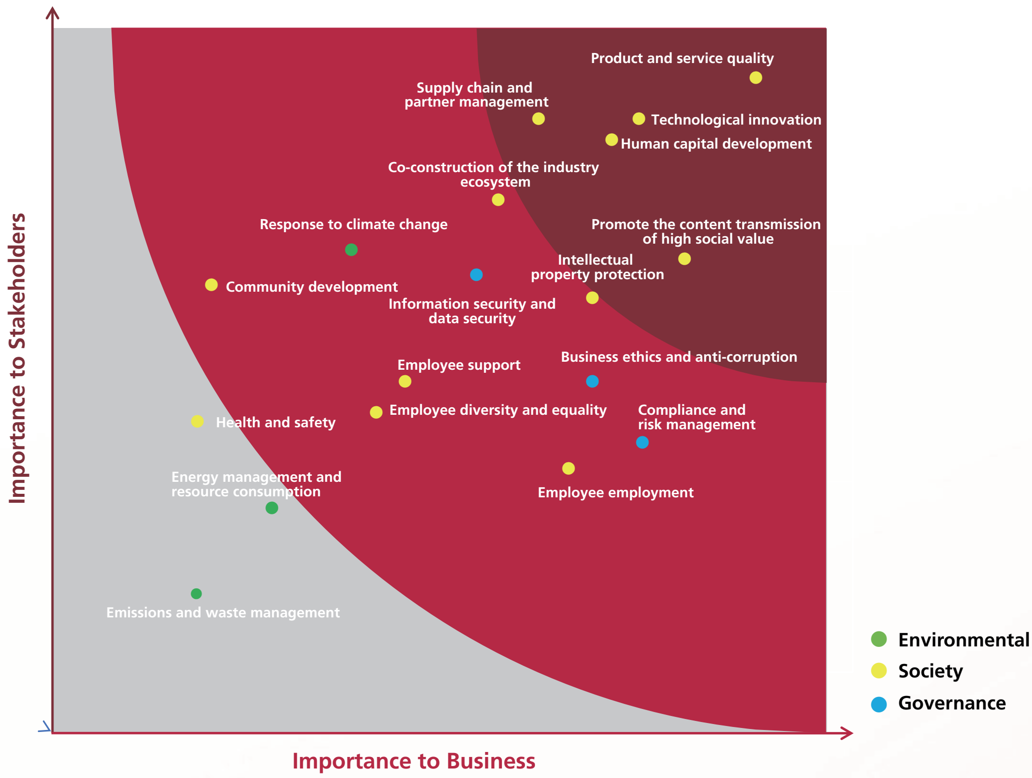
The Group values the views of stakeholders and actively engages through diversified communication channels to understand and address their concerns. We maintain close cooperation with stakeholders, continuously listen to expectations and requests, discuss and review matters that require intensive care. In formulating operational strategies and ESG governance measures, the Group cooperates with stakeholders, including investors and shareholders, employees, suppliers, customers, governmental and regulatory authorities and communities, to create higher value for the society.

Stakeholders	Issues of Concern	Communication Channels
Investors and Shareholders	• Compliance operations • Risk management • Economic performance • Return on investment	• Regular reports and information disclosures • Annual general meetings and other general shareholder meetings • Announcements and circulars • Official website
Employees	• Employee's right protection • Remuneration and benefits • Career development and training • Employee health and safety	• Trade unions and employees' congresses • Management communication and performance evaluations • Employee training • Employee care activities
Suppliers	• Supplier management • Business ethics • Win-win cooperation • Fair competition	• Field survey • Business meetings • Phone calls and E-mails
Customers	• Responsible marketing • High-quality of products and service provided • Customer's right protection • Information security and data security • Intellectual property protection	• Daily services and communication • Financial reports • Official website • Social media • Customer service hotline and platform
Governmental and regulatory authorities	• Compliance with laws • Corporate social responsibility • Anti-corruption • Green development • Industry development	• Regular working meetings and seminars • Regular reports and information disclosures • Regulatory inspection • Visitor reception
Communities	• Environmental protection • Compliance operations • Giving back to society	• Mass media • Livestreaming for agricultural assistance • Public welfare activities

MATERIALITY ASSESSMENT

The Group refers to internationally recognized ESG Guidelines, aligns with both global and domestic policies, and benchmarks against industry peers to identify, analyze, and prioritize material issues.

During the Reporting Period, to more scientifically and accurately identify the Group's ESG material issues, the Group proactively responded to internal and external environmental changes. Through a four-step process — issue identification, research, screening evaluation, and review — we conducted a materiality assessment and ultimately selected 18 issues to form our materiality matrix.



1. STEADY OPERATIONS, STRENGTHENING GOVERNANCE FOUNDATIONS

1.1 RISK MANAGEMENT

SYSTEMS AND FRAMEWORK DEVELOPMENT

Risk management serves as a fundamental safeguard for company sustainable development. The Group has consistently prioritized the development of a risk management framework as a strategic imperative. In strict comply with national laws and industry standards, we have formulated internal policies, including the Be Friends Holding Limited Risk Management Policy (《交個朋友控股有限公司風險管理制度》), which define the responsibilities across all levels of risk management and set standardized risk classification criteria, ensuring effective risk control across our operations and reinforce a strong institutional foundation for long-term, steady growth. During the Reporting Period, the Group did not experience any material risk events.

To further enhance the risk management governance structure and improve the risk control and compliance management capability of the Company, the Group has formulated and implemented the rules of procedure of "regular meetings + temporary meetings", which are attended by several senior-level staff covering all business and functional departments. These meetings are responsible for overseeing the operation of the Group's risk management and compliance management systems, conducting in-depth discussions, and providing professional advice on material matters to ensure the timeliness and effectiveness of decision-making, so as to safeguard the stability and sustainable growth of the Group's operations.

To build a comprehensive and systematic risk management and control mechanism, the Group has established a risk management organization structure with clear authority and responsibility and distinct hierarchy, and has built a risk prevention and control system with "three lines of defense" as the core:

The "Three Lines of Defense" Risk Management Model

Lines of defense	Department	Responsibilities
1st Line	Business Departments	As the cornerstone of risk management, business departments bear the primary responsibility for risk identification, assessment, and initial control. By embedding risk management and control into business processes, they achieve the dynamic integration of business operations and risk control.
2nd Line	Functional Departments	Professional oversight is carried out by departments such as Legal Compliance Department, Financial Accounting Department. They review the effectiveness of risk prevention and control measures implemented by business departments, provide compliance guidance and resource support, and enhance the professional capabilities of risk prevention and control.
3rd Line	Audit Committee of the Board	As the highest oversight body, it independently reviews the Group's overall risk management strategy, monitors the effectiveness of the first two lines, and ensures the independence and strategic alignment of the risk control system.

The Group has established a comprehensive risk management framework covering "identification — assessment — response — reporting." This framework continuously identifies and assesses potential risks, including market, credit, and operational risks, throughout business operations. Based on assessment results, we have implemented a risk management system across all business segments, formulating risk response with clear responsibilities, timelines, and quantifiable targets.

1.2 COMPLIANCE OPERATION

COMPLIANCE AND INTERNAL CONTROL

The Group has consistently regarded compliance operations as a pivotal element in the Group's sustainability. The Group exerts concerted efforts from the business, anchor, legal, customer service, and regulatory perspectives. A five-in-one compliance governance system has been formed, featuring a top-down approach, full-scale coverage, employee-wide participation, and adaptability to the times. This system comprehensively safeguards the security and stability of the Group's live-streaming business.

The Group strictly complies with various industry-related legal documents, departmental regulations, and industry normative documents. During the Reporting Period, the Group further refined special norms, including compliance standards for product qualifications, publicizing compliance standards, and a risk-positioning list for sensitive-category products. These norms cover all business aspects, such as product selection, promotion, and after-sales service, ensuring that operation standards meet the requirements of laws, administrative regulations, and all regulatory provisions. Meanwhile, the Legal Compliance Department of the Group is integrally involved in business operations, participating in every business link. It also supports the establishment of a contract-performance tracking mechanism, effectively overseeing contract performance, and promptly identifying and resolving issues during the performance process.

During the Reporting Period, the Group continues to enhance its compliance management framework and has established hundreds of standardized policies and procedures covering all aspects of our business operations. Through a comprehensive and systematic compliance control mechanism, we have achieved full-process coverage of regulatory compliance across the Group, laying a solid foundation for improving the Group's overall operation quality. Recognized for our best-in-class compliance practices and the strong capabilities, the Group's Legal Compliance Department was honored with "The Fourth WELEGAL In-house & Compliance Award — Top 30 Most Contributive In-house Legal Teams of 2024". "Be Friends' Establishment of an Intelligent Product Compliance Review and Qualification Evaluation System" was honored with "In-house Impact Award" by China Business Law Journal (CBLJ).

"The Fourth WELEGAL In-house & Compliance Award — Top 30 Most Contributive In-house Legal Teams of 2024"
Be Friends Holding Legal Compliance Department

"China Business Law Journal In-house Impact Award" by CBLJ
The Group Establishment of an Intelligent Product Compliance Review and Qualification Evaluation System

DIGITAL COMPLIANCE MANAGEMENT

The Group has implemented an online contract management system with mandatory traceability of approvals, requiring approval processes to be accompanied by complete background explanations to ensure transparent and traceable operations. To further enhance the Group's compliance management capabilities, during the Reporting Period, the Group's IT team and legal compliance team jointly developed the industry's first intelligent product compliance review and risk-control system, named "Zhi Jian". This system empowers the Group's compliance with technological means, contributing to efficiency enhancement. The "Zhi Jian" system was selected for the "China Business Law Journal In-house Impact Award" by CBLJ and the "Golden Line Legal Technology and AI Application Award" hosted by Golden Line Vision.

COMPLIANCE EMPOWERMENT

The Group has established a tiered and categorized matrix-style training framework to ensure that a culture of compliance is embedded across all business processes and among all stakeholders. Our compliance training program integrates newly issued laws and regulations, industry standards, and internal business compliance requirements of the Group. Leveraging a digital learning platform, we conducted 3 specialized compliance training sessions during the Reporting Period, reaching 1,100 participants; organized 10 rounds of compliance assessments, with 8,350 participants; and issued 38 editions of compliance bulletins. Furthermore, the Group requires all new employees to complete onboarding compliance training. During the Reporting Period, the compliance training coverage rate for new hires reached 100%.

Case

Renowned Enterprises Visit Be Friends Holding to Explore the Practical Experience of Legal Management and Compliance Strategy in Live-streaming E-commerce Enterprises

On 31 May, the Legal Compliance Department of the Company, together with Internet Compliance — Capital Equity Legal Group and China Legal Executive Council (LCOUNCIL), jointly organized the "Renowned Enterprises Visit Be Friends Holding" event. This event brought together legal experts from various industries. As an important contributor to the compliance system in the live-streaming e-commerce industry, we aim to promote the enhancement of the compliance concept and risk management level across the entire industry through experience sharing and academic exchanges in this event. This will help build a safer and more trustworthy consumer relationship.

1.3 INTELLECTUAL PROPERTY

The Group places high importance on intellectual property (IP) protection, strictly adhering to laws such as the Patent Law of the People's Republic of China (《中華人民共和國專利法》), the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), and the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》). We have established a comprehensive IP management system and risk control framework that covers the entire lifecycle of IP, including the formulation of the Regulations on Intellectual Property Management (《知識產權管理制度》). These regulations define the application, usage, maintenance, and protection standards for trademarks, copyrights, and patents, systematically safeguarding the Group's innovative achievements and commercial assets. As of 31 December 2024, the Group has applied for 383 trademarks as well as 26 copyrights.

To effectively protect the Group's IP and maintain its legal rights and competitive advantages, we have implemented a robust and efficient IP infringement monitoring mechanism. Through technical tools and manual oversight, we conduct comprehensive and dynamic monitoring of live-streaming and short video content to identify potential trademark and copyright infringements. Upon detecting any IP violations, the Group promptly activates an internal coordination mechanism, collaborating with business departments to take legal actions, such as issuing cease-and-desist letters or filing lawsuits, to safeguard our rights. During the Reporting Period, the Group had no significant intellectual property infringement cases.

Type of IP	Management Measures
Trademark and Trade Name Protection	The Group has dedicated personnel to apply for and maintain trademark rights globally, and to monitor and renew corporate trademark rights and domain names in a timely manner on an ongoing basis. Our trademarks have been applied for or registered in Hong Kong and Mainland China.
Computer Software Copyright Protection	We apply for software copyright registration promptly to build a legal protection barrier for our technological achievements, to prevent infringement incidents, and to build a legal cornerstone for future technological innovations.

1.4 INFORMATION SECURITY AND PRIVACY PROTECTION

INFORMATION SECURITY

The Group regards information security as a core component of corporate governance. We have established a security control system spanning six levels: physical, host, network, application, data, and management. The Regulations on Information Security Management (《信息安全管理制度》) defines the organizational structure and collaborative responsibilities for information security.

In daily operations, we have built a security protection system through the three dimensions of technology, management and personnel:

✓ **Robust Technical Safeguards:** Deploy data cryptography and multi-factor authentication to strengthen the security of the whole process of data; make regular backups and formulate recovery plans to ensure business continuity.

✓ **Rigorous Management Mechanisms:** Regular back-ups and recovery plans are in place to ensure business continuity. Combine risk assessment, privilege auditing, and log monitoring to implement compliance management and incentivize secure behavior through reward and punishment mechanisms.

✓ **Enterprise-wide Empowerment and Training:** Dedicated staff are professionally trained to promote the transmission of internal departmental security norms, comprehensively enhance employee risk identification and protection awareness, and form a three-dimensional protection network.

INFORMATION SECURITY EMERGENCY MANAGEMENT

The Group has instituted a comprehensive emergency response plan system covering risk prevention, response and treatment mechanisms, and continues to improve the entire process to fully safeguard business continuity.

✓ **Risk prevention and planning system:** Establish a categorized emergency response plan that clarifies the level of the incident and the process of handling it. Pre-deploy resources and clarify the division of responsibilities. Pre-emptively mitigate potential risks and ensure that responses can be activated quickly when risks occur.

✓ **Protection measures of business continuity:** In accordance with the unique characteristics of each business area, the Group formulates corresponding protection strategies and measures for the implementation of key systems to ensure the stable operation of core business processes in the face of major malfunctions and disasters, thereby safeguarding business continuity.

✓ **Emergency Response and Closed Loop Optimization:** We build a crisis response mechanism, quickly detect, locate and repair incidents through standardized processes, and simultaneously communicate key information to management. Following the PDCA cycle, root cause analysis, system reinforcement and plan iteration are completed within a time limit after the incident is disposed of to ensure that the response efficiency and defense capability are continuously improved, forming a closed-loop optimization management.

During the Reporting Period, the Group did not experience any significant information security incidents.

DATA SECURITY AND PRIVACY PROTECTION

The Group strictly adheres to relevant laws at home and abroad, including the Data Security Protection Law of the People's Republic of China (《中華人民共和國數據安全保護法》), the Personal Information Protection Law of the People's Republic of China (《中華人民共和國個人信息保護法》) and Hong Kong's Personal Data (Privacy) Ordinance (《個人資料(私隱)條例》), etc., and has constructed a stringent line of defense for data security, and conducts regular assessment work on data security operation procedures to protect the data security and privacy rights of the Group, its employees, customers and partners in all aspects.

Section	Core measures
Data Collection	Establish data collection norms and permission control mechanisms to ensure compliance with legal and regulatory requirements.
Data Transmission	Implement end-to-end data encryption and security control measures for data transmission routes.
Data Storage	Adopt hierarchical storage and backup strategies to ensure the security and recoverability of data storage.
Data Use	Implement dynamic account management based on the "principle of least privilege" and standardize data operation procedures.
Data Sharing	Establish a data sharing review mechanism, clarify third-party liability constraints, and strictly prohibit unauthorized third-party use of personal data.
Data Recovery	Implement an immediate account privilege revocation and secure storage medium destruction mechanism.

During the Reporting Period, our system access control coverage was 100% without direct access to core business systems by unauthorized personnel.

In the case of behaviors that contravene the privacy policy, the Group upholds strict management principles and holds individuals accountable in accordance with the severity of the incident. Concurrently, regular "security awareness training" programs are organized to enhance employees' understanding of privacy control rights, to elevate their privacy protection security awareness and skills, to enable them to master effective privacy protection measures, and ultimately to ensure the safeguarding of the privacy and data security of employees and customers.

During the Reporting Period, we organized 2 training sessions on topics related to data security and privacy protection, involving 1,173 participants.

1.5 ADHERENCE TO BUSINESS ETHICS

BUSINESS ETHICS SYSTEM

The Group has established a comprehensive business ethics system. We strictly comply with laws and regulations in the regions where we operate, such as the Anti-Unfair Competition Law of the People's Republic of China (《中華人民共和國反不正當競爭法》), the Criminal Law of the People's Republic of China (《中華人民共和國刑法》), and Hong Kong's Prevention of Bribery Ordinance (《防止賄賂條例》). Additionally, we have formulated the internal policies, including the Be Friends Holding Limited Code of Business Ethics (《交個朋友控股有限公司商業道德準則》), the Be Friends Holding Limited Anti-Money Laundering Policy (《交個朋友控股有限公司反洗錢政策》), the Be Friends Holding Limited Anti-Fraud Management System (《交個朋友控股有限公司反洗錢政策》), the Be Friends Holding Limited Whistle-blowing System (《交個朋友控股有限公司舉報政策》), which clearly define our objectives and governance measures in preventing corruption, extortion, fraud, and money laundering. During the Reporting Period, the Group revised the Employee Handbook (《員工手冊》), explicitly prohibiting behaviors such as accepting commercial bribes, misappropriation of interests, and illegal part-time work.

The Group has established a systematic business ethics management structure. The Board oversees the senior management in creating an anti-fraud environment. The senior management is responsible for building the internal control system, and each department is tasked with implementing anti-corruption management within its domain. The human resources department has strengthened background checks and integrity screening for key positions, serving as a safeguard for pre-event risk prevention and control.

The Group regularly conducts an annual compliance self-assessment procedure. This assessment is aimed at comprehensively examining the implementation of relevant laws, regulations, and codes of conduct, thereby achieving a balance and safeguarding the interests of the Group and its stakeholders. During the Reporting Period, no instances of corruption were recorded within the Group, and it has continuously maintained compliance operation.

Whistle-blowing Mechanism

The Group has established and perfected the Be Friends Holding Limited Whistleblowing Policy (《交個朋友控股有限公司舉報政策》), and further set out the scope of acceptance of whistleblowing in the Employee Handbook (《員工手冊》), and set up multi-channel, anonymized whistleblowing paths to ensure that employees and partners can exercise their right to supervision without fear. For the tip-off, we strictly limit the scope of informed people, and implement the highest level of confidentiality measures for the identities of the whistleblowers and their materials. We establish zero tolerance accountability mechanisms for retaliation, to effectively protect the occupational safety and legitimate rights and interests of whistleblowers.

Anti-fraud Training

To enhance the Group's governance efficacy, members of the Board and senior management have participated in training programs on Listing Rules and anti-fraud themes. The focus of this training is to strengthen the ability to identify and respond to fraud risks. The senior management, in line with business realities, disseminates anti-corruption requirements to all employees through hierarchical communication and case-based instructional methods, thereby implementing a "zero-tolerance" policy.

2. PUTTING PEOPLE FIRST AND EMPOWERING EMPLOYEE DEVELOPMENT

2.1 EMPLOYEE'S RIGHT PROTECTION

ENSURING EMPLOYEES' FUNDAMENTAL RIGHTS

Upholding the core governance tenet of "putting people first", we place employee rights at the core of our corporate development strategy. We scrupulously adhere to national laws and regulations, such as the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), and have established a human resources management system centered on the Labour Contract Management System (《勞動合同管理制度》), ensuring the lawful protection of employee rights in areas such as compensation, rest and vacation, workplace health and safety, social insurance and welfare benefits, and participation in trade union activities.

In practice, the Group maintains legally compliant labour relations by fully implementing mechanisms such as the signing of employment contracts, the full payment of statutory social insurance and housing fund contributions ("五險一金"), and the fair distribution of salaries. The Group has established a regular compliance review mechanism led by the Human Resources Department. Through multi-dimensional measures such as supervision of system implementation, employee satisfaction surveys and feedback channels for employee rights-related issues, we make sure that our employment practices stay in line with legal requirements and industry standards. During the Reporting Period, the Group did not experience any major labour rights disputes, and employee satisfaction remained at a leading level within the industry.

PROHIBITION OF CHILD LABOUR AND FORCED LABOUR

The Group strictly complies with relevant laws and regulations, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) and the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》). We firmly prohibit any form of child-labour utilization and forced labour, and has established the following mechanisms to ensure effective implementation of this policy:

✓ **Dual-verification Mechanism:** Through identity-authentication and background-screening procedures, we strictly screen the age information of job applicants and the records of employment risks to ensure that all employees satisfy the legal minimum-employment-age requirements.

✓ **Voluntary Labour Relations Principle:** All employees enter into written labour contracts through voluntary and equal negotiation, with the terms of rights and obligations of both parties clearly specified. An electronic signing system is adopted to ensure transparency and traceability throughout the signing process, preventing any form of coercion or inducement.

Furthermore, the Group has formulated and implemented internal policies such as the Be Friends Holding Limited Supply Chain Partner ESG Code of Conduct (《交個朋友控股有限公司供應鏈合作夥伴ESG行為準則》), to consistently strengthen the influence on supply chain partners. We have established an assessment-based access mechanism to prevent cooperation with any suppliers or partners involved in child labor or forced labor. During the Reporting Period, no incidents related to child-labour utilization or forced labour occurred within the Group.

REMUNERATION AND BENEFITS

Our Group adheres to the principles of fairness and impartiality in remuneration management. We have formulated internal policies, such as the Remuneration Policy (《薪酬制度》) and the Performance Policy (《績效制度》), to build a comprehensive corporate compensation framework. Through a semi-annual compensation evaluation and adjustment mechanism, in conjunction with employees' performance, we provide remuneration assessment outcomes and implement differentiated incentives to ensure that our remuneration packages remain competitive in the market. Simultaneously, the Group has implemented an equity-incentive program to reinforce the mechanism for sharing interests between employees and the Group's long-term development.

In respect of employee-welfare protection, the Group rigorously implements the statutory holiday regime, legally guaranteeing employees' entitlement to statutory holidays. Moreover, the Group has implemented a flexible and elastic working hour system and provided diversified benefits to its employees, such as team building expenses, birthday party and festival gifts, in order to continuously enhance the employees' sense of recognition of value and sense of belonging to the organization.

DIVERSITY AND EQUAL OPPORTUNITY

The Group strictly abides by relevant laws and regulations, such as the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), and the Employment Ordinance in Hong Kong (《僱傭條例》). We have formulated internal management guidelines, such as the Policies of Be Friends Holding Limited on Diversity, Equality and Inclusion (《交個朋友控股有限公司多元、平等與共融政策》) and the Employee Handbook (《員工手冊》) to foster a diverse, equal, and inclusive workplace environment for our employees.

Concurrently, we respect the dignity and individuality of each employee and maintain an unwavering "zero-tolerance" stance towards any form of violence, bullying, discrimination, and sexual harassment in the workplace.

In the realm of equal employment, the Group follows the Employment Promotion Law of the People's Republic of China (《中華人民共和國就業促進法》) and relevant laws and regulations, insisting on the principle of fair employment. The Group guarantees equal opportunities for candidates from the start of their employment through the Recruitment and Hiring System (《招聘錄用制度》), effectively implements the policy of equal pay for equal work, and promotes the hiring and development of ethnic minority and disabled employees.

DEMOCRATIC COMMUNICATION

The Group adheres to an employee-centered philosophy and has established various communication channels, including employee representative meetings, regular communication meetings and an online suggestion platform, to ensure that employees' opinions are conveyed and handled promptly. During the Reporting Period, we were the first in the industry to set up a labor union, establishing a regular response mechanism around core issues such as remuneration and benefits, working hours management and career development to effectively address practical issues of concern to employees.

Indicator		2024 Number	2024 Percentage (%)	2023 Number	2023 Percentage (%)
Total employees		**1,475**	**100.0**	**1,260**	**100.0**
By Employment Type	Full-time	1,163	78.8	1,055	83.7
	Internship and part-time	312	21.2	205	16.3
By Gender	Female	792	53.7	703	55.8
	Male	683	46.3	557	44.2
By Job Grade Levels	Directors	7	0.5	7	0.6
	Senior management	3	0.2	3	0.2
	Middle management	72	4.9	42	3.3
	Junior management	100	6.8	80	6.4
	General staff	1,293	87.6	1,128	89.5
By Age	30 and below	1,040	70.5	852	67.6
	31 to 40	350	23.7	333	26.4
	41 to 50	69	4.7	61	4.9
	51 and above	16	1.1	14	1.1
By Region	Mainland China	1,470	99.7	1,256	99.7
	Hong Kong, China	5	0.3	4	0.3
Diversity and Opportunity	Employees from ethnic minorities	84	5.7	71	5.6
	Employees with disabilities	8	0.5	8	0.6

Indicator		2024 (%)	2023 (%)
Annual employee turnover rate		**35.9**	**30.6**
By Gender	Male	32.6	31.0
	Female	39.0	28.0
By Job Grade Levels	Senior management	–	–
	Middle management	13.3	20.8
	Junior management	26,5	27.9
	General staff	38.5	32.2
By Age	30 and below	47.5	31.0
	31 to 40	20.5	26.0
	41 to 50	13.7	23.0
	51 and above	–	17.0
By Region	Mainland China	36.0	29.0
	Hong Kong, China	–	43.0

Note: Employee turnover rate = Number of employees leaving the company in a year/(Number of employees at the beginning of the period + Number of new employees recruited in the period)

Employee turnover rate covers full-time employees, internship and part-time are not included in the calculation.

2.2 EMPLOYEE SUPPORT

EMPLOYEE CARE

The Group is dedicated to fostering a cohesive and harmonious working environment. We offer a diverse range of team-building initiatives and holiday-related care programs for our employees. By continuously enhancing the employee-care framework, we aim to facilitate seamless communication among employees, encourage the sharing of experiences, and cultivate a strong sense of belonging.

To gain a comprehensive understanding of employees' work experiences and to drive continuous improvement in human resources management, our Group conducts regular employee-welfare surveys across a broad spectrum of areas, including team-building initiatives, health check-up programs and birthday perks. Based on these insights, we actively work towards enhancing and refining employee benefits. aiming to create a more satisfying and comfortable workplace for all.

✓ **Holiday Benefits:** Annual distribution of traditional holiday gifts, such as for Chinese New Year and Mid-autumn Festival, as well as anniversary commemoratives. Allow every employee to feel the strong holiday atmosphere and the Company's care.

✓ **Team Building:** We have implemented a departmental monthly team-building budget management system to encourage each department to regularly organize activities such as business reviews and skills training sessions. These initiatives not only strengthen team cohesion but also enhance employees' professional capabilities and overall competencies.

✓ **Employee Activities:** The Group regularly organizes a variety of engaging activities, including employee product discount events, new product tasting sessions, afternoon tea gatherings, and mental health seminars. These initiatives pay attention to employee well-being and aim to improve quality of life and happiness.

CARE FOR FEMALE EMPLOYEES

Our Group places significant emphasis on the development of female employees. We strictly adhere to the Law of the People's Republic of China on the Protection of Rights and Interests of Women (《中華人民共和國婦女權益保障法》) and other relevant laws and regulations. We comprehensively protect the legitimate rights and interests of our employees, and the leave includes prenatal examination leave, maternity leave, paternity leave, and breastfeeding leave. In addition, we provide family-support stipend to employees and their spouses to express our support and blessings for employees' childbirth.

Moreover, our Group is attentive to the privacy protection and work-environment comfort of female employees. A dedicated mother-and-baby room has been established for breastfeeding employees, and a flexible one-hour daily breastfeeding break is provided. This arrangement supports female employees to better balance their work responsibilities with their breastfeeding needs. We strive to create a safe, comfortable and inclusive work environment by these approaches, empowering female employees to showcase their talents and realize personal values in the workplace.

Case

The Formal Inauguration of the Women's Federation of Be Friends Holding

On 11 October 2024, the Women's Federation of Be Friends Holding was formally established. Its primary objective is to rally the efforts of women, provide enhanced services to female employees, elevate the status and role of women in the Group's development journey, and contribute to the realization of gender equality and corporate social responsibility.

HEALTH AND SAFETY

The Group insists on giving top priority to the health and safety of our employees and is committed to providing a safe and healthy working environment for our employees. Our Group exercises unified guidance and supervision over the safety conditions across all subsidiary workplaces. We strictly comply with an array of relevant laws and regulations, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Law of the People's Republic of China on Work Safety (《中華人民共和國安全生產法》) of Mainland China and Occupational Safety and Health Ordinance (《職業安全與健康條例》) and Employees' Compensation Ordinance (《員工補償條例》) of Hong Kong. We have formulated a series of internal safety-management documents, such as the Occupational Health and Safety Declaration of Be Friends Holding Limited (《交個朋友控股有限公司職業健康與安全聲明》), the Safety Emergency Response Plan (《安全應急預案》), the Emergency Response Implementation Manual (《應急執行手冊》), and the First-aid Guidelines (《急救指引》). These documents clarify defined processes and contingency plans for occupational health and safety management, which are in place to guard the health and safety of employees in all aspects, providing a solid environment for employees to work with peace of mind.

In addition, the Group strengthens health protection and risk awareness by providing employees with commercial medical insurance, regular medical check-ups, mental health seminars, and safety training; and safeguards the physical and mental health of employees and reduces potential risks by conducting regular audits of workplace safety, checking the effectiveness of first aid equipment, and organizing sports activities.

In each of the past three years, including the Reporting Period, there were no work-related fatalities within the Group. During the Reporting Period, there were no lost working days due to work-related injuries in the Group.

2.3 EMPLOYEE TRAINING AND DEVELOPMENT

The Group rigorously adheres to the principle of "strategic alignment, and multi-dimensional mentorship". Through systems such as the Talent Development Strategy of Be Friends Holding Limited (《交個朋友控股有限公司人才發展戰略》), the Employee Training Management System (《員工培訓管理制度》), and Performance Policy (《績效制度》), the Group has constructed a dual-track promotional mechanism, comprising two distinct pathways: the "professional stream" and the "management stream". This mechanism provides employees with a clear career path and flexible transition opportunities. Meanwhile, a training regime spanning all job levels has been established.

The Group has established a regular performance evaluation system that assesses employees based on both their potential and performance. High-performing individuals are offered opportunities for promotion or career path transitions. The evaluation process combines self-assessments with 360-degree assessment to ensure that talents are placed in roles where they can create the greatest value. Succession planning for key positions and talent pipeline development are closely aligned with the Group's strategic needs. A team involving supervisors, HR business partners (HRBPs), and cross-departmental mentors is assembled to provide employees with multidimensional growth support. Through a structured development system and robust resource support, the Group is committed to creating a clear, equitable, and opportunity-rich growth platform, driving continuous development for both the organization and its people.

Indicator		2024 Number	2024 Training hours	2024 Avg. training hours	2023 Number	2023 Training hours	2023 Avg. training hours
Total employee trainings		**1,317**	**17,121**	**13**	**1,260**	**14,954**	**12**
By Gender	Male	643	8,359	13	557	6,611	12
	Female	674	8,762	13	703	8,343	12
By Job Grade Levels	Senior management	3	30	10	3	18	6
	Middle management	75	975	13	74	740	10
	Junior management	106	1,378	13	142	1,704	12
	General staff	1,133	14,738	13	1,034	12,471	12

3. INGENIOUS CREATION TO BUILD A BUSINESS ECOSYSTEM

3.1 STRINGENT PRODUCT SELECTION

The Group has instituted a systematic supplier and product access control framework in strict accordance with major industry regulatory norms and commercial practice guidelines. To guarantee the efficacy of control measures, our Group has formulated internal review mechanisms, such as the Standards for Product Selection Qualification (《選品資質標準》) and the Product Selection Qualification Review Guidelines (《選品資質審核指引》). The merchant access process is standardized from two perspectives: merchant access qualification review and merchant performance verification. We strictly enforce diversity audit requirements to ensure the stability and reliability of our partner brands.

Our Group adheres steadfastly to the corporate vision of "Becoming a Trusted Friend for Both Consumers and Merchants". Through a three-stage product selection process, namely "preliminary screening of secondary selection meeting, secondary selection meeting, and final selection meeting", and in combination with five-dimensional product selection evaluation criteria, including brand strength, product quality, customer reviews, sales performance, and price competitiveness, products that align with the Group's values and consumer demands are meticulously screened to achieve strict control over product quality.

During the Reporting Period, the Group further enhanced its product selection management:

✓ **In-depth Research and Expansion:** Building upon basic evaluation, in-depth research is conducted on multiple aspects, such as the product's core features, and the capabilities of the technical team. A comprehensive research report is then compiled to support product selection decisions.

✓ **Accurate Product Matching:** Each live-streaming room conducts multi-dimensional evaluations of each live-streaming product selection by integrating various factors, including the anchor's style, fan demographics, sales data, and after-sales feedback.

✓ **Training and Empowerment:** "Product Selection Red Line" training programs are established to clarify prohibited category requirements, ensuring that products meet compliance standards at every product selection stage.

Through a rigorous product selection process and partner evaluation mechanism, our Group consistently provides customers with high-quality products and services and has forged long-term cooperative relationships with reliable brands.

3.2 HIGH-QUALITY CONTENT

The Group strictly abides by laws and regulations, such as the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), and the Trademark Law of the People's Republic of China (《中華人民共和國商標法》), during content review and advertising promotion. On this basis, detailed live-streaming content review guidelines have been promulgated. By constructing a comprehensive responsible marketing system, the content of live-streaming promotion and sales is regulated.

In addition, to comprehensively establish a high-quality content live-streaming platform, our Group also exercises strict control over the anchor's spoken-word material content to prevent the appearance of content that contravenes laws, regulations, and public order and good customs during live-streaming. The Group regularly conducts training programs for different groups, including company employees and anchors. The training content encompasses newly introduced laws and regulations, industry norms, live-streaming requirements, etc., continuously enhancing compliance awareness and the professional capabilities of anchors.

Responsible Marketing System		
Compliance Control System for Promotion Content	Full-link review mechanism	• Pre-event specification: Regularly conduct specialized research on live-streaming compliance and issue review guidelines, explicitly prohibiting false propaganda, absolute terms, and language that induces impulsive consumption.
		• In-event review: Rigorously control the product detail pages for on-air products and the anchor's spoken-word material content.
		• Post-event monitoring: Timely collect user complaints and notifications from regulatory authorities, and efficiently initiate the review and rectification of non-compliant content.
	Advertising Content Review	• Formulate and update the material verification point guidelines in a timely manner. Compulsory submission of qualification documents for corresponding advertising content is required to ensure the authenticity and validity of advertising content.
Protection of Consumer Rights and Interests	Transparent Information Disclosure	• Require live-streaming rooms to clearly state key product information and prohibit concealing product defects or exaggerating product efficacy.
		• Add risk-warning stickers for special product categories to safeguard consumers' right to know.
	Anti-inducement Purchase Measures	• All live-streaming rooms are strictly prohibited from fabricating marketing gimmicks and are required to refrain from price-acting or using trending topics for publicity in the live-streaming room.

On the other hand, in response to non-compliance situations, our Group has established a comprehensive penalty mechanism for non-compliant content. For harmful non-compliant live-streaming content resulting from personal errors of the anchor or staff, as determined through legal review, immediate measures such as deletion and delisting are implemented. Corresponding penalties are imposed on the relevant personnel according to the severity of non-compliance, and the relevant issues are reported to strengthen management and prevent the recurrence of non-compliant live-streaming content. During the Reporting Period, no serious incidents of violating laws and regulations related to the Group's product and service advertising and promotion occurred within our Group.

3.3 QUALITY SERVICE

The Group attaches great importance to customer management and user experience. Adhering to the user service concept and objective of "making a friend, not just buying and selling", the Group has established a professional after-sales service team and a rapid response mechanism to provide consumers and customers with accurate solutions and satisfactory after-sales service, and to enhance the service experience of stakeholders.

Regarding business partnerships, the Group has implemented stringent control measures to uphold the quality of products and services. Prior to commencing any new projects or initiatives, the Group engages in comprehensive communication with customers. This is to ensure alignment with their expectations and requirements, guaranteeing that the services provided fully meet customer demands. During the service delivery process, our Group regularly receives client instructions, provides timely progress reports, and offers professional advice. To further enhance service quality, our Group has established a continuous service monitoring and improvement mechanism. Through regular (bi-weekly or monthly) meetings, we review any reported incidents, implement corrective measures, and propose optimizations to work procedures.

For consumers, the Group strictly followed the After-sales Service Standards for Online Live-streaming Marketing (《網絡直播營銷售後服務標準》) issued by the China Advertising Association to provide consumers with multi-channel, multi-level, and high-quality after-sales services. During the Reporting Period, on the basis of consolidating the service capability of traditional e-commerce platforms, the Group joined the "Rednote" platform to provide consumers with a more convenient and quality service experience. Meanwhile, the Group further promoted initiatives such as small amount payment and advance payment, which effectively reduced the waiting time for consumers to pay back.

In order to continuously improve the Group's consumer service experience, the Group has established a closed-loop service management system based on refined management. The customer service team deeply involves in the entire process of product selection and decision-making to enhance the service experience in the live streaming room from the source. During the livestreaming process, the Group achieved 100% product evaluation monitoring in the matrix live streaming room by the self-developed monitoring system for the positive evaluation rate of the products, and regularly tracked, fed back and reviewed the evaluation of the products to optimise and iterate the service process. Meanwhile, the Company incorporated key performance indicators such as user satisfaction and complaint resolution rate into the departmental and individual performance appraisal system to incentivise the service team to improve service quality.

In response to customer complaints, the Group has constructed an all-round, multi-dimensional and stage-by-stage mechanism for handling customer complaints. The mechanism covers the entire process of handling customer complaints, from the collection of complaint information, classification and judgement of problems, to the formulation of solutions, implementation and tracking feedback, and is committed to accurately and efficiently responding to the needs of consumers.

- **Immediate response and initial confirmation of problems:** The Group's customer service team is required to respond to consumers within 2 minutes of their feedback, clarify the core content of consumers' needs and calm them down in a timely manner.

- **Problem matching and rapid solutions:** Based on the specific type of problem, such as product quality defects, abnormal logistics and distribution, product description discrepancies, etc., immediately call the targeted solution plan.

- **Merchant collaboration and demand promotion:** If the resolution of user problems requires the participation of cooperative merchants, the customer service staff in the live streaming room will set up an effective communication channel with the merchants within 10 minutes to actively promote the timely response of the merchants to deal with the user's demands, to ensure the consistency and efficiency of the problem resolution.

- **Comprehensive solution and closed-loop service:** The Group is committed to achieving 100% response and proper solution to all user feedback and conducting timely satisfaction visits to ensure a closed-loop service.

Moreover, our Group has a comprehensive recall policy for self-developed and sold products. Such policy clearly defines the specific circumstances and related procedures for product recall. In response to product defects and quality issues reported by users, the Group proactively initiates product recalls and undertakes effective and appropriate handling. We promptly arrange inspections and trace back to the production processes for rectification, thereby precluding any potential harm to consumers' rights, interests, and health. In the event that customers need information relating to recalls or technical support for defective products, our customer service hotlines are always available for consultation. During the Reporting Period, we did not receive any major customer complaints that would affect our business operations, nor did we recall any services or products due to any risks regarding safety or health.

Indicator	Unit	2024	2023
The number of people covered by the survey on the rate of favourable comments on goods	Million Person	30	20
Rate of positive rating	%	93	92
Product Complaint Handling			
Number of product recall	/	–	–
Number of one-to-one customer contacts	Thousand	1,190	670
Response rate	%	100	100
Successful resolution rate	%	99	99
Complaint rate on live e-commerce platform	%	0.01	0.01

3.4 TECHNOLOGICAL EMPOWERMENT

Our Group is steadfastly committed to technological innovation, through the Research and Development and Innovation Management System (《研發與創新管理制度》) with digital transformation and technological empowerment at the epicenter of our development strategy. Continuous R&D investment drives the enhancement of enterprise management efficiency. As of the end of the Reporting Period, our Group had a dedicated R&D team comprising more than 40 personnel and had accumulated a total of 20 software copyrights.

Yijiang Future Technology (Hangzhou) Co., Ltd., a wholly-owned subsidiary of the Company, was recognized as a national high-tech enterprise during the current year.

Our Group has independently developed the "Friend Cloud" intelligent live-streaming business solution. We have constructed a full-link digital operation management system. This platform comprehensively integrates the key business scenarios within the live-streaming e-commerce ecosystem, offering a comprehensive service system that encompasses merchant onboarding review, product information management, e-contract execution, payment settlement, and financial reconciliation. The objective is to substantially enhance the collaborative efficiency of the live-streaming industry chain.

Currently, "Friend Cloud", the live-streaming business central platform, has incorporated the latest AI tools. Leveraging AI technology, it comprehensively elevates and empowers the intelligence level of the live-streaming e-commerce operations. This integration enables the generation of intelligent broadcast scripts, full-link compliance risk management, and end-to-end online management. The AI-enabled copywriting generation system deployed in live-streaming rooms, trained on the basis of tens of millions of industry-specific corpora, can instantaneously generate high-conversion-rate broadcast scripts. It can precisely align with the anchor's style and consumer profiles and allows for multi-scenario utilization, thus achieving "one script for multiple applications". This significantly boosts live-streaming work efficiency and reduces redundant labour. At the same time, it supports multi-departmental collaborative invocation and traceability, helping enterprises to build a standardized and reusable content asset library.

In terms of compliance and risk control, AI-enabled automated auditing of documents such as merchant qualifications, brand authorization, and product information accurately identifies a variety of risk points and outputs structured auditing opinions to improve the compliance rate.

The Group is in the process of deeply integrating AI into the Company's full chain operation and maintenance, and realizing multi-dimensional product feature analysis and market potential prediction in the core scenarios of live e-commerce, such as product selection decision-making and data analysis, so as to further enhance product selection accuracy and operational efficiency.

As of the conclusion of 2024, "Friend Cloud" has successfully facilitated business units within the Group to conduct over 39,000 live-streaming sessions. It has supported the product selection process over 3.49 million times throughout the year, generated more than 3.12 million cooperation orders, and added over 290,000 products to the product selection pool, improving operational efficiency significantly.

3.5 SUPPLIER MANAGEMENT

The Group places high importance on cooperation and mutual growth with suppliers and other partners, fully integrating sustainable development principles into our supply chain management. We implement a qualified supplier evaluation and qualification process, regularly assessing whether suppliers meet relevant qualifications and ESG requirements.

- Supplier qualification process: we verify the completeness and consistency of supplier qualification documents, and check credit records through National Enterprise Credit Information Publicity System, etc., to ensure suppliers meet product and service standards.

- Daily management of suppliers: we establish mechanisms to verify the authenticity of supplier credentials. Falsification of qualifications results in immediate deduction of security deposits; serious violations lead to blacklisting, termination of cooperation, and removal from the supplier pool.

The Group continues to develop and implement ESG evaluation standards for suppliers, incorporating environmental and social factors into supplier assessment criteria. During the Reporting Period, the Group established the ESG Code of Conduct for Supply Chain Partners of Be Friends Holding Limited (《交個朋友控股有限公司供應鏈合作夥伴ESG行為準則》), which clearly defines requirements for suppliers regarding labor standards, employee health and safety, environmental protection, and business ethics, thereby promoting comprehensive supplier management throughout the entire process.

On the environmental front, the Group encourages suppliers to adopt clean energy and implement various environmental protection measures to support green development. Regarding social dimensions, the Group requires suppliers to respect fundamental employee rights and ensure worker health and safety. The Group also rigorously enforces its transparent procurement practices, mandating supplier compliance with corporate regulations on procurement ethics, anti-fraud, and related requirements.

Furthermore, the Group is committed to collaborating with partners to build a sustainable supply chain. By organizing specialized training programs for suppliers, the Group actively supports their efforts to enhance responsibility awareness, management capabilities, and performance outcomes.

Indicator	Unit	2024	2023
Total suppliers	Nr.	1,196	955
By Region			
Mainland of China	Nr.	1,168	928
Hong Kong, China	Nr.	5	6
Overseas Regions	Nr.	23	21

4. RESPONSIBILITY FIRST, CONVEYING SOCIAL VALUE

4.1 SOCIAL VALUE OF PRODUCTS

"New Quality Productive Forces" Live Channel

During the Reporting Period, the Group proactively explored innovative development trajectories, with a profound focus on the "live-streaming e-commerce + science popularization" domain. Through a series of forward-looking and groundbreaking practical initiatives, we were conferred the title of "New Quality Productive Forces" Live Channel.

Case

The Theme Public-welfare Live-streaming Activity of "New Quality Productive Forces" Live Channel in Hangzhou High-Tech Zone (Binjiang)

On 9 August 2024, the Company and Taobao Live Channel, in collaboration with the Converging Media Center of Hangzhou High-Tech Zone (Binjiang), jointly launched the "Make Friends with Binjiang's New Quality Productive Forces" series of themed public-welfare live-streaming activities. Employing the "live-streaming e-commerce + science popularization" model, this initiative comprehensively showcased to consumers the developmental strengths. Through the "New Quality Productive Forces" Live Channel, a multitude of "premium Binjiang-made products" achieved a seamless connection between the manufacturing and sales ends. This not only realized a closed-loop supply for innovative live-streaming but also significantly enhanced users' live-streaming experience.

E-commerce Live Streaming Activities to Help Farmers

The Group facilitates the circulation of agricultural products via live-streaming e-commerce, which offers consumers high-quality and cost-effective products, thereby promoting a two-fold enhancement in both social and economic benefits. During the Reporting Period, our Group organized multiple product traceability events, such as the Wenling Traceability Special of the Donghai New Year Goods Festival, the Foshan Furniture Traceability Event, and the "Spring Tea Tasting Season", assisting traditional industries in surmounting the bottlenecks of offline sales. Through the live-streaming room's camera, the brand's origin and production processes were vividly presented. Consumers were enabled to gain a direct understanding of the brand story while obtaining products at affordable prices, thus realizing the scenario-based dissemination and quality assurance of products.

As of the conclusion of the Reporting Period, the Group had conducted 36 traceability live-streaming specials for rural revitalization, spanning 26 provinces, and autonomous regions and municipalities, including Zhejiang, Hubei, Shaanxi, and Xinjiang. The cumulative broadcast duration reached 360 hours, and the sales volume surpassed RMB536 million.

Case

The Wenling Special of the Donghai New Year Goods Festival Achieved Over RMB10 Million in Live-streaming Sales

On 26 January 2024, under the guidance of the Department of Commerce of Zhejiang Province, the Wenling Traceability Special of the Donghai New Year Goods Festival, hosted by the Wenling Bureau of Commerce and co-organized by the Company and Zhejiang Funeng E-commerce Co., Ltd, was officially inaugurated. The live-streaming room contributed to the expansion of Wenling's brand influence by featuring high-quality products like Wenling's characteristic seafood.

4.2 BUILD A HARMONIOUS SOCIETY

The Group is actively committed to fulfilling its corporate social responsibilities. We concentrate on key areas such as education, healthcare, and disaster relief, with the aim of contributing to the harmonious development of society. Moreover, we encourage our employees to actively engage in volunteer services, thereby spreading positive social energy and driving social progress. Our Group makes contributions to a harmonious society through diverse means, including on-site inspections, live-streaming promotion, and charitable donations.

Case

Implementation of the Sichuan Peppercorns Industry-Assisted Agriculture Project in Jishishan County

In 2024, the Company participated in the post-earthquake restoration efforts in Jishishan County, Linxia Prefecture, Gansu Province. We provided support for the Sichuan Peppercorns industry-assisted agriculture project, with the objective of facilitating local economic recovery and enhancing people's livelihoods. Through the restoration of infrastructure and the upgrading of equipment, the production capacity of Sichuan Peppercorns has been notably enhanced. In addition, relying on farmers' cooperatives, the project has promoted the growth of Sichuan Peppercorns sales through measures such as the distribution of agricultural supplies, technical training, and marketing promotion. It has significantly increased farmers' incomes, promoted the development of local industries, and made positive contributions to rural revitalization.

4.3 PROMOTING INDUSTRY DEVELOPMENT

DEVELOPMENT OF INDUSTRY STANDARDS

The Group actively participates in industry exchanges and is committed to the formulation and piloting of national, local, and industry standards, promoting industry standardization. We fully advocate for collaborative cooperation among industry players, strengthen industry empowerment, and drive the coordinated development of the industrial chain. Our Group participated in the review and preparation of standards such as the After-sales Service Standards for Online Live-streaming Marketing (《網絡直播營銷售後服務標準》), the Standards for Online Live-streaming Marketing Selections (《網絡直播營銷選品規範), and the Standards for Compliance Management of Live-streaming Rooms on Sharing Economy Platforms (《共享經濟平台直播間合規管理規範》), providing robust support for the healthy development of the live-streaming e-commerce industry.

To further establish industry standards and create a clean online environment, the Group participated in drafting China's first provincial-level standard for live-streaming room operations, the Standards for Operating Green Live-streaming Rooms (《綠色直播間運營規範》). The standard, based on the three core elements of "people, products and environment", outlines the basic principles, marketing management requirements, and evaluation and improvement mechanisms for green live-streaming rooms. In response to some anchors using vulgar remarks to attract attention, the standard emphasizes that anchors should uphold correct value orientations and actively promote socialist core values, ensuring healthy and positive platform content.

Case

Establishment of Be Friends Industry Research Institute

In 2024, Be Friends Industry Research Institute was officially inaugurated. The Institute has brought together industry experts, business bigwigs, and policymakers. It's focused on exploring the e-commerce industry's development trends, new business models, and the policy situations. The Institute mainly looks into areas such as e-commerce live-streaming, content marketing, supply chain management, and consumer behavior analysis. It provides useful ideas and practical advice for the e-commerce industry's sustainable development. This helps the industry to innovate and move to a higher level.

During the Reporting Period, Be Friends Industry Research Institute released the Nantong Home Textiles Research Report (《南通家紡研究報告》) and the Shiling Women's Bags Research Report (《獅嶺女包研究報告》). These reports help the vertical e-commerce industries develop in a high-quality way.

Case

Be Friends Holding's Participation "Third-party Evaluation Integrity and Self-discipline Alliance"

On 5 December 2024, Be Friends Holding took part in the establishment of the "Third-party Evaluation Integrity and Self-discipline Alliance", the inaugural public-interest and industry-specific self-regulatory cooperation mechanism spearheaded by the Enforcement and Inspection Bureau of the State Administration for Market Regulation and the China Consumers Association. The initiative aims to conduct more standardized and systematic evaluations of a large number of products, effectively address disputes arising from over-marketing, foster a fair and orderly market environment, and lawfully protect the legitimate rights and interests of consumers.

INDUSTRY EXCHANGE ACTIVITIES

Our Group actively engages in industry exchange events, delivering presentations and demonstrations on the Group's live-streaming methodology and industry insights. During the Reporting Period, our Group participated in multiple e-commerce activities, such as the "Consumer Goods Channel Marketing Innovation Summit", the "High-Quality Development Achievements Release Conference of E-commerce 2024", and the "China New E-Commerce Conference Industrial Chain Cooperation Matchmaking Meeting 2024". Additionally, we released several industry reports and white papers, providing multi-dimensional impetus for industrial development.

Case

Be Friends Holding's Participation in the China E-commerce Streamer Contest and Release of the Feasibility Report on E-commerce Live-streaming in Industrial Belts

On the evening of 12 June 2024, as one of the leading enterprises in the e-commerce sector, Be Friends Holding participated in the China E-commerce Streamer Contest 2024. During the contest, Be Friends Industry Research Institute, in collaboration with Zhejiang Qiushi Academy of Economics and Management, jointly issued the Feasibility Report on E-commerce Live-streaming in Industrial Belts (《產業帶電商直播可行性報告》). This Report comprehensively analyzed the crucial role of e-commerce live-streaming in driving the development of industrial belts and offered strategic suggestions and implementation pathways for the digital transformation of industrial belts. The Company will further strengthen its cooperation with various industrial belts based on the research findings in the report, promoting the upgrading and growth of local economies.

Source: 2024 CECSC CHINA E-COMMERCE STREAMER CONTEST

5. GREEN DEVELOPMENT: BUILDING A SUSTAINABLE FUTURE

5.1 ADDRESSING CLIMATE CHANGE

Climate change mitigation is a pivotal aspect of sustainable development. The Group maintains continuous vigilance over the risks and opportunities engendered by climate change. Drawing on the Implementation Guidance for Climate Disclosures under HKEX ESG Reporting Framework (《香港交易所環境、社會及管治框架下氣候信息披露的實施指引》), we conduct assessments of climate-change-related risks and potential opportunities from four dimensions: governance, strategy, risk management, and indicators and targets. In light of these assessment outcomes, we formulate corresponding measures to steadily enhance the Group's resilience to climate-related challenges.

GOVERNANCE

The Board of our Group functions as the apex governing body for climate-related matters. It regularly reviews, coordinates, and oversees climate-change strategies, objectives, and key management initiatives. The ESG Management Working Group is accountable for the practical implementation of climate-change policies and action plans, including carbon-emissions management and climate-risk mitigation. They also furnish regular progress reports to the Board or relevant committees, ensuring the effective implementation of climate governance and the orderly progression of associated tasks. The ESG Specialized Execution Group is responsible for integrating climate-change management into day-to-day operation. and coordinating the implementation of specific tasks related to climate change.

STRATEGY

The Group proactively pursues the national objectives of "carbon peak and carbon neutrality." In alignment with the Group's overall structure, we identify and categorize potential climate risks and their impact scopes across multiple dimensions, such as the value chain, stakeholders, and business operations. Based on these assessments, our Group devises management strategies and action plans, tracks progress regularly and dynamically refines the mechanisms. This is done to fortify our ability to respond to climate risks and safeguard the sustainable development of our business.

PHYSICAL RISK

Risk Category	Risk	Potential Risk Impact	Financial Impact	Impact Period	Scope of Impact
Acute Risks	Hurricane	**Facility damage:** Hurricanes can cause damage to the Group's office buildings and other structures. For instance, live-streaming equipment, network server rooms, etc., may be damaged, leading to business disruption. **Commuting and transportation disruptions:** Extreme weather can impede traffic and transportation, affecting employee commuting and the stability of commodity logistics. This results in delays in commodity delivery and a compromised customer-service experience. **Business suspension:** Weather conditions like heavy rain can prevent outdoor live-streaming, hindering the Group's business operations.	The Group will need to shoulder the repair costs for damaged infrastructure or fixed assets, thereby augmenting operating expenses. Business disruptions, interruptions, or the inability to promptly meet customer needs due to weather conditions may expose the Group to legal liabilities such as breach of contract and compensation. The increasing frequency of extreme weather events may drive up infrastructure insurance premiums or deductibles, escalating operating costs.	Short-to-medium term	Internal operations and the upstream and downstream value chains

Risk Category	Risk	Potential Risk Impact	Financial Impact	Impact Period	Scope of Impact
Acute Risks	Heavy rain	**Facility damage:** Floods triggered by heavy rain may inundate basements or ground-floor areas, damaging equipment, enclosures, and other physical assets. **Employee safety concerns:** Heavy rain can pose challenges to employee commuting and may cause traffic accidents, affecting employee attendance, and health and safety. **Live-streaming suspension:** Weather conditions like heavy rain can prevent outdoor live-streaming, hindering the Group's business operations; extreme weather also endangers the health and safety of outdoor anchors and their teams.	The rise in equipment repair and insurance costs contributes to an increase in operating costs and capital expenditures. The deterioration of product quality and logistics delays may prompt merchants to raise prices, leading to customer attrition and a subsequent decline in operating income.	Short-to-medium term	Internal operations and the upstream and downstream value chains
	Extreme Cold Weather	**Supply-chain disruptions:** Extreme cold weather can lead to a decrease in the yield and quality of agricultural products and other commodities. This causes shortages in raw-material supply, thereby affecting business sales. **Equipment malfunctions:** Low temperatures can cause servers to start up slowly or operate unstably, resulting in business interruption or delay and a subpar customer experience.	The increased electricity consumption for heating and the higher costs of equipment anti-freeze maintenance. The cancellation or postponement of outdoor live-streaming activities leads to a loss of business revenue.	Medium-to-long term	Internal operations and the upstream and downstream value chains
	Extreme Heat Weather	**Infrastructure instability:** The efficiency of data-center cooling systems may decline, undermining the stability of the live-streaming business. **Product quality degradation:** Extreme high temperatures can reduce the quality of some fresh food, agricultural products, etc., impacting product sales and business operations. **Logistics strain:** Under extreme heat, the pressure on cold-chain logistics intensifies, straining the logistics management capabilities of merchants. **Employee safety:** Extreme high temperatures pose threats to the health and safety of outdoor anchors and team members, potentially causing health issues such as heatstroke and heat exhaustion.	The higher energy costs for equipment maintenance and cooling systems, along with increased expenditures for ensuring employee health and safety, lead to an overall rise in operating costs.	Medium-to-long term	Internal operations and the upstream and downstream value chains

Risk Category	Risk	Potential Risk Impact	Financial Impact	Impact Period	Scope of Impact
Chronic Risks	Rising Average Temperatures	**Increased energy consumption:** Rising temperatures drive up the Group's demand for cooling equipment, electricity, and water resources. **Unstable energy supply:** Prolonged high temperatures can lead to regional power shortages, restricting warehouse operations and daily business activities.	The higher energy costs for equipment maintenance and cooling systems, along with increased expenditures for ensuring employee health and safety, lead to an overall rise in operating costs. The need to upgrade cooling systems and replace equipment in response to sustained high temperatures results in higher capital costs.	Long term	Internal operations and the upstream and downstream value chains
	Sea-level Rise	**Facility relocation:** Facilities in coastal areas may be subject to sea-water erosion and other factors, shortening the lifespan of infrastructure or causing premature scrapping. **Operational relocation:** If sea-levels rise to the vicinity of office buildings, the Group may be compelled to relocate, resulting in business interruption.	The Group may experience short- and long-term revenue losses due to business disruptions and customer churn associated with operational relocations.	Long term	Internal operations

TRANSITION RISK

Risk Category	Risk	Potential Risk Impact	Financial Impact	Impact Period	Scope of Impact
Policy Risks	Strengthened Information Disclosure Obligations	Regulatory authorities and the capital market are increasingly stringent in their requirements for enterprises' climate-related information disclosure. The Group must continuously enhance the comprehensiveness and precision of its climate-related disclosures to avert compliance risks.	To meet relevant regulations and disclosure requirements, the Group will need to allocate additional resources in terms of technology and human resources for energy-efficiency enhancement, carbon-emissions reduction, and compliance management. This will result in an uptick in operating costs.	Medium-to-long term	Internal operations
Technology Risks	Low-carbon Transformation Costs	With the industry chain transitioning towards a low-carbon paradigm, the Company needs to renew its data infrastructure and operational site facilities.	An increase in capital expenditures for technology upgrades or the adoption of low-carbon technologies.	Medium-to-long term	Internal operations
Market Risks	Shifts in User Behavior	Consumers are increasingly inclined to choose brands that adhere to green standards. Competitor companies may enhance their brand image through green initiatives. Should the Group fail to adapt promptly, it risks losing market share.	Inability to meet the market's demands for environmental protection and sustainable development may lead to customer attrition, thereby impinging on revenue.	Medium-to-long term	Internal operations and the upstream and downstream value chains
Reputation Risks	Consumer Trust Risks	Stakeholders, including customers and consumers, are paying closer attention to the Group's performance in addressing climate change. Failure to meet the expectations of these stakeholders could damage the Group's corporate image and reputation.	Reputational damage may translate into customer loss and a decline in brand loyalty, ultimately affecting the Group's operating revenues.	Medium-to-long term	Internal operations, the downstream value chains and communities

CLIMATE OPPORTUNITY ANALYSIS

Opportunity Factor	Impact Scenario	Financial Impact	Impact Period	Scope of Impact
Low-carbon Upgrades of Data Centers	Amid the low-carbon transformation, the external environment exhibits a growing appetite for low-energy-consuming IT infrastructure. Technological advancements lead to savings in energy costs.	Reduction in Operating Costs	Long term	Internal operations and the upstream value chains
Changes in User Behavior	Climate change is reshaping users' lifestyles (such as reduced offline travel and a preference for virtual social interactions). Live streaming has emerged as a key low-carbon entertainment scenario, creating a positive feedback loop of traffic growth and increased user engagement.	Revenue Growth Driven by Traffic Expansion	Medium-to-long term	Internal operations and the downstream value chains
Products and Services	Promoting energy conservation and the development of green products can enhance the green competitiveness of live-streaming rooms, meeting both market demands and legal and regulatory requirements.	Increase in Operating Incomes	Long term	Internal operations and the downstream value chains

CLIMATE SCENARIO ANALYSIS

Our Group adopts scenario-analysis methodologies, integrating both qualitative and quantitative techniques. This approach is aimed at evaluating the potential implications of major climate risks, under diverse climate scenarios, on the Group's business operations and financial performance. The major climate risks encompass three physical risks and three transition risks.

Specifically, the Group draws substantially from two Shared Socio-economic Pathways (SSPs) of the United Nations' Intergovernmental Panel on Climate Change (IPCC): the "Baseline Emissions Scenario" (SSP2-4.5) and the "High Emissions Scenario" (SSP5-8.5), which are utilized for conducting climate-scenario analyses of various physical risks. Regarding transition risks and opportunities, in line with the "Announced Pledges Scenario" (APS) and the "Stated Policies Scenario" (STEPS) released by the International Energy Agency (IEA), taking into account the time horizon, the Group carry out in-depth analyses of significant transition risks and opportunities. This involves assessing the potential impacts of climate-related risks on the Group's operations and finances across different time frames and under varying carbon-emission intensities. The objective is to further refine the Group's climate-risk response and management, thereby furnishing decision-making support for the formulation of a more climate-resilient corporate strategy.

Focusing on the Group's business activities, the Group examines the physical and transition risk exposures at two key operating sites, namely Beijing and Hangzhou. This examination is carried out from two critical dimensions: the probability of occurrence and the magnitude of impact. Based on the likelihood of risk occurrence and its potential impact, the primary climate risks confronting the Group are categorized into five levels. A matrix-analysis approach is then applied to comprehensively evaluate the identified major climate-related physical and transition risks.

Time Horizon	
Short term	2024–2025
Medium term	2025–2030
Long term	2030–2050

SCENARIO SELECTION

Risk	Selected Scenario	Scenario Description	Projected Temperature Increase by the end of the Century
Physical Risks	SSP2-4.5	In this scenario, greenhouse gas emissions are at a moderate level. Climate-change policy interventions are of medium intensity, with carbon-dioxide emissions remaining at the current level until the mid-century.	~2.7℃
	SSP5-8.5	This represents a high-greenhouse gas emission scenario. There is no climate-change policy intervention, and the energy system is highly dependent on fossil fuels. Carbon-dioxide emissions are projected to triple by 2075.	~4.4℃
Transition Risk	Announced Pledges Scenario (APS)	Under this scenario, countries are assumed to meet their climate commitments punctually, including nationally determined contributions and long-term net-zero objectives.	~1.8℃
	Stated Policies Scenario (STEPS)	It forecasts the potential evolution of the energy system based solely on existing policies, assuming no new policies are introduced and enforced.	~2.5℃

RISK ANALYSIS

Risk Category	Risk	SSP2-4.5 Scenario		SSP5-8.5 Scenario	
		Probability of Occurrence	Impact Severity	Probability of Occurrence	Impact Severity
Physical Risks	Heavy rain	Moderate	Moderate	High	Moderate
	Extreme Heat Weather	Relatively High	High	High	High
	Rising Average Temperatures	Relatively High	Relatively High	High	High

Risk Category	Risk	Announced Pledges Scenario (APS)		Stated Policies Scenario (STEPS)	
		Probability of Occurrence	Impact Severity	Probability of Occurrence	Impact Severity
Transition Risk	Strengthened Information Disclosure Obligations	High	Moderate	Moderate	Relatively Low
	Shifts in User Behavior	Moderate	High	Moderate	Moderate
	Consumer Trust Risks	High	Relatively High	Moderate	Relatively Low

Low Relatively Low Moderate Relatively High High

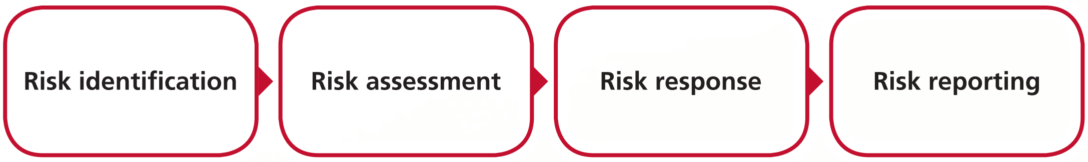
CLIMATE RESILIENCE AND MANAGEMENT RESPONSES

Risk Category	Key Response Measures
Acute Risks	• Formulate emergency response plans and pre-position emergency resources to ensure a prompt reaction during crises. • Issue early warnings for extreme weather events. When necessary, implement work-from-home arrangements to safeguard the safety of employees and company assets. • Develop climate-adaptation strategies.
Chronic Risks	• When choosing the Group's operational sites, refer to local historical data on natural disasters and prioritize regions with favorable meteorological conditions. • Monitor energy consumption, identify peak-usage periods, and implement load-shifting strategies. • Increase the adoption of energy-saving technologies, measures, and equipment to reduce energy-cost burdens through enhanced energy efficiency. • Encourage employees to practice green-office principles, conserve resources, and minimize water and electricity consumption in the workplace. • Promote low-carbon commuting among employees. They should prioritize public transportation or other low-carbon travel options. For medium-and short-distance business trips, rail transportation should be preferred over air travel to cut down on fossil-fuel consumption.
Policy Risks	• Actively collaborate with stakeholders in policy deliberations, anticipate policy changes, and devise appropriate response strategies. • Continuously drive forward energy conservation, emission reduction, and energy-structure optimization to reduce energy consumption and carbon-emission impacts.
Technology Risks	• Optimize the supply chain and logistics network by integrating energy-saving technologies to effectively lower carbon emissions and promote green and low-carbon operations.
Market Risks	• Strengthen cooperation with upstream suppliers on green innovation, foster the development of eco-friendly products, and emphasize the use of sustainable materials. • Intensify market research, promptly grasp consumer product preferences, and adjust product selection accordingly. • Boost the promotion of environmental protection and sustainable development to cultivate a green brand image.
Reputation Risks	• Regularly disclose the Group's initiatives and achievements in climate-change mitigation and sustainable development. Maintain transparency to enhance public trust. • Actively participate in climate-change or environmental-protection-related public-welfare projects to build a positive corporate social image.

RISK MANAGEMENT

In a bid to effectively counter the effects of climate change, the Group proactively identifies and evaluates climate risks, integrating relevant risk management into the Group's day-to-day operational and managerial processes. By conducting a comprehensive review of the business model and value chain, the Group thoroughly assesses the potential short-term, medium-term, and long-term financial implications for each business segment, which are precipitated by climate risks and opportunities. We then prioritize these climate risks and opportunities to pinpoint the major climate risks.

Subsequently, through climate-scenario analysis, our Group has pinpointed six major physical and transition risks associated with the Group's business. The analysis reveals that the Group's major climate risks primarily arise from the increasing likelihood of extreme weather at business-operation sites and the susceptibility of the business model to physical and transition risks. To substantially enhance the Group's capacity to respond to climate change, our Group is constantly refining the identification, measurement, and monitoring of climate risks, formulating climate-risk mitigation measures, and bolstering the Group's climate resilience across all periods.



Climate-related Impact, Risk, and Opportunity Management Process

INDICATORS AND TARGETS

The Group fully supports the nation's "Dual Carbon Goals". During the Reporting Period, the Group carried out greenhouse gas inventory work based on the Greenhouse Gas Accounting System: Corporate Accounting and Reporting Standards (《溫室氣體核算體系：企業核算與報告標準》) and the Greenhouse Gas Accounting System: Corporate Value Chain (Scope 3) Accounting and Reporting Standards (《溫室氣體核算體系：企業價值鏈(範圍3)核算與報告標準》). By taking into account the Company's situation, the Group comprehensively sorted out its greenhouse gas emissions, providing a foundation for the formulation of subsequent carbon management objectives.

Our Group's core business activities are concentrated in the provision of new-media services, the development of full-media application solutions, the sale of self-developed products, and system maintenance services. As such, there are no direct greenhouse gas emissions (Scope 1). The Group's greenhouse gas emissions mainly originate from indirect emissions and value chain emissions (Scope 2 and Scope 3).

Indicators	Unit	2024	2023
GHG emission (Scope 1, 2, 3 incl.)[1]	Tonnes CO_2e	2,646.2	1,506.7
Total GHG intensity (Scope 1, 2, 3 incl.)[1]	Tonnes CO_2e/million revenue	2.1	1.4
Scope 1	Tonnes CO_2e	–	–
Scope 2	Tonnes CO_2e	1,316.7	1,087.6
Scope 3	Tonnes CO_2e	1,329.5	419.1
Purchased products and services[2]	Tonnes CO_2e	151.8	1.7
Business trips[3]	Tonnes CO_2e	1,177.7	417.4

5.2 PRACTICING GREEN OPERATIONS

ENVIRONMENTAL COMPLIANCE

Our Group places significant emphasis on environmental compliance. In the course of our operations, we strictly adhere to national laws, regulations, and policy requirements. This includes compliance with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution Caused by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), and the Law of the People's Republic of China on the Prevention and Control of Noise Pollution (《中華人民共和國噪聲污染防治法》). The Group formulates internal management systems such as and the Be Friends Holding Limited Environmental Management System (《交個朋友控股有限公司環境管理制度》) in order to implement standardized environmental-protection management measures to ensure that all operational activities meet environmental-policy standards. Given that our Group's business model and processes do not involve large-scale production, there are no substantial direct emissions within the scope of our operations and control. During the Reporting Period, the Group did not encounter any serious violations of environmental-related laws and regulations.

ENVIRONMENT AND NATURAL RESOURCES

The Group firmly holds the belief that protecting the environment and natural resources is a core responsibility of a conscientious enterprise. Even though the direct environmental impact of our Group's business is relatively minor, we are continuously enhancing our initiatives in areas such as energy and resource management, emissions control, and the dissemination of environmental-protection concepts. Our goals are to improve the efficiency of energy and resource utilization, heighten employees' environmental awareness, continuously elevate the Group's environmental-management standards, and fully implement the concept of green operations.

Furthermore, in light of our operational characteristics, our Group is constantly refining environmental policies and actively exploring innovative approaches to reduce emissions and resource consumption. Our aim is to minimize the negative impact on the environment and natural resources. We are convinced that through these measures, we can effectively drive the green and sustainable development of the Group, society, and the natural environment.

ENERGY AND RESOURCE UTILIZATION

Our Group actively advocates the concept of a green office and is dedicated to creating a sustainable working environment. By optimizing energy and resource management, we enhance operational efficiency and mitigate environmental impact. We promote an energy-saving and low-carbon office culture, encourage the efficient utilization and circular management of resources to reduce our carbon footprint, and cultivate a healthy and eco-friendly workspace. During the Reporting Period, the primary energy and resources consumed in the Group's operations are office-area electricity and water supplied by the municipal government. No major non-compliant incidents occurred in energy and resource utilization.

1 The Group adjusts the scope of the greenhouse gas emissions inventory in 2024 based on the actual business operation situation.

2 The calculation of purchased products and services in 2024 mainly focuses on the municipal water supply and drinking water procured by the Company. The calculation of purchased products and services in 2023 covered municipal water supply.

3 The scope of business travel's carbon inventory covers emissions from air and railway. The scope of GHG emissions in 2023 covered business travel by air.

ENERGY MANAGEMENT

Purchased electricity, being the main source of energy consumption and carbon emissions for our Group, is a key area for us to improve energy efficiency, cut operating costs, and minimize environmental impact. To effectively reach this objective, our Group has proactively rolled out a series of energy-saving measures. We have adopted multiple strategies to reduce energy consumption and provided targeted education and promotion to employees. This is to continuously propagate the energy-saving concept and integrate environmental-protection and energy-conservation awareness into the corporate culture.

During the Reporting Period, the Group has implemented the following measures to curtail energy consumption in daily operations:

Category	Measures
Lighting Management	• Adjust lighting-equipment usage rationally based on natural-lighting conditions. Minimize unnecessary lighting and adopt energy-saving lamps (e.g., LED lights) to reduce energy consumption. • Post "Switch off lights when leaving" signs in the office area to remind employees to turn off lighting equipment promptly and prevent lighting waste in unoccupied rooms. • Strengthen the energy-saving awareness of patrolling staff to ensure that unused lights and equipment are turned off during inspections.
Office Equipment Management	• Optimize office-equipment usage. For instance, use printers and copiers centrally, reduce equipment start-up times, utilize ink-saving modes and double-sided copying to cut down on consumable use. • Power off unused office equipment (such as computers, printers, water dispensers, etc.) to lower standby energy consumption and encourage the use of energy-saving-mode equipment.
Air Conditioning Management	• Set air-conditioning temperatures appropriately, clean filters regularly to enhance energy efficiency, and ensure that doors and windows are closed to avoid energy loss.
Digital Construction	• Employ the self-developed "Friend Cloud" system to realize paperless live-streaming operations and substitute printed materials with LED screens.

Moreover, the energy-saving targets set by the Board for the coming years mainly center on optimizing the selection of environmental protection equipment and facilities. This is to unlock energy-saving potential and boost energy utilization efficiency. Examples include introducing an energy-monitoring and management system and procuring low-energy-consumption office equipment to achieve high-efficiency recycling.

Indicators	Unit	2024	2023
Total Energy Consumption	kWh	2,453,718	1,907,098
Purchased Power	kWh	2,453,718	1,907,098
Energy Consumption Intensity	kWh/million revenue	1,962.2	1,775.1

WATER RESOURCES MANAGEMENT

Our Group places significant emphasis on water resource stewardship. We have proactively initiated water conservation efforts, focusing on waste reduction, enhanced utilization efficiency, and robust water saving advocacy. During the Reporting Period, the following water saving measures have been implemented:

Category	Measures
Equipment Optimization	• Installation of water saving fixtures: Water-efficient faucets, toilets, etc., have been installed in areas like restrooms and break rooms to curtail unnecessary water wastage. • Rigorous equipment maintenance: Regular inspections are carried out to detect and rectify leaks in water-using equipment, thereby preventing water losses due to equipment aging or damage.
Behavior Management	• Cultivating good water-use habits among employees: Through the display of water saving signage and targeted promotional activities, employees are guided to use water rationally, regulate water flow, and promptly turn off faucets. • Promoting water reuse: Employees are encouraged to reuse water where possible. For example, water used for washing fruits can be repurposed for desk-cleaning, and wastewater from pantries can be used for watering plants, thus improving water resource utilization.

Given the Group's geographical location and the nature of its operational model, there are no challenges in water source access. For the water conservation goals in the coming years, the Board intends to reduce water resource consumption by encouraging employees to use reusable water bottles and by regularly organizing water saving educational initiatives.

Indicator	Unit	2024	2023
Total consumption of water resources	Tonnes	10,610	8,352
Consumption of municipal water supply	Tonnes	9,701	8,128
Consumption of bottled water	Tonnes	319	224
Water-consumption density	Tonnes/million revenue	8.0	7.8

EMISSIONS MANAGEMENT

In light of the Group's operational model and business characteristics, the primary wastes generated are office waste paper and general household waste, with no generation of hazardous waste. General household waste is managed through proper classification in compliance with relevant regulations. Concurrently, we promote paperless office practices and paper recycling among employees. Moreover, the Board has set waste reduction targets for the next few years, with a primary focus on minimizing waste paper and general household waste generated during daily office operations. This will be achieved by increasing the use of online systems and optimizing office system functionality to reduce paper consumption at the source, thereby advancing green-office practices.

Indicator	Unit	2024	2023
Total production of waste	Tonnes	1.63	1.52
Total non-hazardous waste	Tonnes	1.63	1.52
Non-hazardous waste per person	Kg/person	1.11	1.21

6. APPENDIX

6.1 BE FRIENDS HOLDING CONTRIBUTES TO UN SDGs

SDG	Goal	Actions
1 NO POVERTY	**No poverty** End poverty in all forms everywhere	The Group actively practiced social responsibility by making donations to support post-disaster recovery and reconstruction, and encouraging its employees to engage in volunteer services, environmental protection and other public welfare activities. Meanwhile, the Group relies on the e-commerce live streaming platform to implement agricultural assistance initiatives, facilitate the circulation of agricultural products, enhance farmers' income and empower rural revitalization.
3 GOOD HEALTH AND WELL-BEING	**Good health and well-being** Ensure healthy lives and promote well-being for all people at all ages	The Group attaches great importance to the health and safety of its employees. It provides regular medical check-up benefits to its employees and raises their safety awareness through occupational health and safety training. The Group regularly conducts health and safety risk assessments to identify potential risks in a timely manner and take measures to minimise them. In addition, the Group regularly checks the types and expiration dates of medication of first aid kits to ensure that timely medical assistance is provided to employees in case of emergency.
4 QUALITY EDUCATION	**Quality education** Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	The Group is committed to the cultivation and development of talents and has established and implemented a comprehensive staff training system and regularly conducts professional job training to continuously enhance the vocational skills of its employees. In addition, the Group also actively donates funds to the construction of hope primary schools in backward areas to help the development of social education.
5 GENDER EQUALITY	**Gender equality** Achieve gender equality and empower all women and girls	The Group firmly opposes all forms of workplace discrimination, harassment, coercion, threats and violence, and is committed to continuously improving the system for the protection of employees' rights and interests. The Group insists on equal pay for equal work for both men and women, and is committed to creating a fair and just workplace environment.
8 DECENT WORK AND ECONOMIC GROWTH	**Decent work and economic growth** Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	The Group is committed to providing an equal, safe and dignified working environment for its employees, ensuring that they receive fair remuneration, comfortable working conditions, comprehensive welfare protection and broad career development opportunities. At the same time, the Group actively expands democratic communication channels and continuously strengthens the collection of employee feedback and resolution of issues to ensure that the voices of employees are fully respected and responded to.

SDG	Goal	Actions
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	**Industry, innovation and infrastructure** Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	The Group continues to promote technological innovation and business intelligence system upgrades, integrating internal and external data resources to build an intelligent analysis system covering the entire live streaming process (before, during and after). Meanwhile, the Company has continued to enhance consumers' live streaming interactive experience through innovative live streaming formats, de-IP modes, matrix layout and application of AI technology. In addition, the Group established a research institute to provide useful ideas and practical advice for the e-commerce industry's long-term development. This helps the industry to innovate and move to a higher level.
11 SUSTAINABLE CITIES AND COMMUNITIES	**Sustainable cities and communities** Make cities and human settlements inclusive, safe, resilient and sustainable	The Group actively assisted areas affected by major disasters, supported the resumption of production and rebuilding of infrastructure in the affected areas, and promoted the post-disaster reconstruction process. Through our live streaming activities to help farmers, we continued to promote the revitalization of rural industries and assisted in community development.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	**Responsible consumption and production** Ensure sustainable consumption and production patterns	The Group continued to strengthen responsible marketing and ensure compliance of promotional content through a full-link review mechanism. The Group strictly controls the live streaming of commodities and advertisements to eliminate false promotions and inducement of consumption, while transparently disclosing commodity information to safeguard consumers' right to know and prohibiting fictitious marketing gimmicks to ensure consumers' rights and interests.
13 CLIMATE ACTION	**Climate action** Take urgent action to combat climate change and its impacts	The Group actively promotes green office, optimises energy and resource management, enhances operational efficiency and reduces environmental impact. The Group advocates an energy-saving and low-carbon culture, promotes efficient use of resources and recycling management, and is committed to reducing its carbon footprint and creating a healthy and environmentally friendly working environment.
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Peace, justice, and strong institutions** Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels	The Group adheres to compliance with business regulations, cracks down on corruption and opposes any form of unfair market competition. In addition, the Group continuously improves its intellectual property protection system to ensure that its legitimate rights and interests are effectively protected.

6.2 REPORTING INDEX

Subject Areas	Aspects	General Disclosures and KPIs	Disclosure Chapter list
Environmental	Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Practicing Green Operations
		A1.1 The types of emissions and respective emissions data.	Practicing Green Operations
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Practicing Green Operations
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Practicing Green Operations
		A1.5 Description of emissions target(s) set and steps taken to achieve them.	Practicing Green Operations
		A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Practicing Green Operations
	Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.	Practicing Green Operations
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Practicing Green Operations
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Practicing Green Operations
		A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Practicing Green Operations

Subject Areas	Aspects	General Disclosures and KPIs	Disclosure Chapter list
Environmental	Aspect A2:Use of Resources	A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	The Group has no major issues in obtaining water sources during its business activities.
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The Group is not involved in major packaging materials in its business activities.
	Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimising the issuer's significant impacts on the environment and natural resources.	Practicing Green Operations
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Practicing Green Operations
Social	Aspect B1 Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employee's Right Protection
		B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Employee's Right Protection
		B1.2 Employee turnover rate by gender, age group and geographical region.	Employee's Right Protection

Subject Areas	Aspects	General Disclosures and KPIs	Disclosure Chapter list
Social	Aspect B2 Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employee Support
		B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employee Support
		B2.2 Lost days due to work injury.	Employee Support
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Employee Support
	Aspect B3 Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employee Training and Development
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Training and Development
		B3.2 The average training hours completed per employee by gender and employee category.	Employee Training and Development
	Aspect B4 Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee's Right Protection
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	Employee's Right Protection
		B4.2 Description of steps taken to eliminate such practices when discovered.	Employee's Right Protection

Subject Areas	Aspects	General Disclosures and KPIs	Disclosure Chapter list
Social	Aspect B5 Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supplier Management
		B5.1 Number of suppliers by geographical region.	Supplier Management
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supplier Management
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier Management
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier Management
	Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Stringent Product Selection, High-quality Content, Information Security and Privacy Protection
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Service
		B6.2 Number of products and service related complaints received and how they are dealt with.	Quality Service
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property
		B6.4 Description of quality assurance process and recall procedures.	Stringent Product Selection, Quality Service
		B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security and Privacy Protection

Subject Areas	Aspects	General Disclosures and KPIs	Disclosure Chapter list
Social	Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Adherence to Business Ethics
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Adherence to Business Ethics
		B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Adherence to Business Ethics
		B7.3 Description of anti-corruption training provided to directors and staff.	Adherence to Business Ethics
	Aspect B8: Community Investment	General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Build a Harmonious Society
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Build a Harmonious Society
		B8.2 Resources contributed (e.g. money or time) to the focus area.	Social Value of Products, Build a Harmonious Society

Subject Areas	Aspects	General Disclosures and KPIs	Disclosure Chapter list
Climate-Related Disclosures	Governance	Governance	Addressing Climate Change
	Strategy	Climate-Related Risks and Opportunities	Addressing Climate Change
		Business model and value chain	Addressing Climate Change
		Strategy and decision-making	Addressing Climate Change
		Financial position, financial performance and cash flows	Addressing Climate Change
		Climate resilience	Addressing Climate Change
	Risk Management	Risk Management	Addressing Climate Change
	Metrics and Targets	Greenhouse Gas (GHG) Emissions	Addressing Climate Change
		Climate-related transition risks	Addressing Climate Change
		Climate-related physical risks	Addressing Climate Change
		Climate-related opportunities	Addressing Climate Change
		Capital deployment	Addressing Climate Change
		Internal carbon prices	N/A
		Remuneration	N/A
		Industry-based metrics	N/A
		Climate-related targets	Addressing Climate Change

INDEPENDENT AUDITOR'S REPORT

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To the members of Be Friends Holding Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Be Friends Holding Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 114 to 207, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS *(continued)*

Key audit matters identified in our audit are summarised as follows:

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of trade receivables	
Refer to notes 3.1(b), 4.1(a) and 17 to the consolidated financial statements	
As at 31 December 2024, the Group's trade receivables amounted to approximately RMB192,771,000, net of credit loss provision for impairment of trade receivables of approximately RMB54,196,000, which accounted for 21% of the Group's total assets. Loss allowances for trade receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. We identified assessing the impairment of trade receivables as a key audit matter because the amount is significant and the assessment of the impairment of trade receivables and recognition of loss allowance are inherently subject to significant judgement, which increases the risk of error or potential management bias.	Our procedures, among others, included: — Understanding and evaluating the design and implementation of key internal controls which govern credit control, debt collection and estimate of expected credit losses; — Assessing, on a sample basis, whether items in the trade receivables ageing report were classified within the appropriate ageing category by comparing individual items in the report with the relevant sales invoices and completion dates of relevant projects; — Assessing and challenging the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements; and — Inspecting subsequent cash receipts from customers relating to those balances as at 31 December 2024, on a sample basis.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter

Provision for inventories

Refer to notes 4.1(d) and 18 to the consolidated financial statements

As at 31 December 2024, the carrying amount of inventories amounted to approximately RMB54,220,000, net of provision for inventories of approximately RMB34,566,000, which accounted for 6% of the Group's total assets.

When the cost of inventories was higher than their net realisable value, the Group made the provision for inventories based on the difference between the cost and the net realisable value.

The calculation of net realisable value involved significant accounting estimation, including estimations on expected sales volume, sales price and related costs to sell.

We have identified the above matter as a key audit matter because of its significance to the consolidated financial statements and the recognition of net realisable value involved significant management judgements and estimations.

Our procedures, among others, included:

— Understanding and assessing the design and implementation of management's key internal controls relating to the identification of slow moving and obsolete inventories, monitoring inventory ageing and making relevant inventory provisions;

— Evaluating and challenging the Group's inventory write-down and provision policy with reference to the requirements of the prevailing accounting standards;

— Assessing whether the inventory write-downs and provisions made were consistent with the Group's inventory write-down and provision policy by recalculating the inventory write-downs and provisions based on the relevant parameters in the Group's policy;

— Assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing category by comparing individual items in the report with underlying documentation, which included purchase invoices, goods receipt notes and production records; and

— Assessing, on a sample basis, whether inventories were stated at the lower of cost and net realisable value with reference to selling volume and prices achieved and related costs to sell after year end.

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of goodwill *Refer to notes 2.3, 4.1(c) and 14 to the consolidated financial statements* As at 31 December 2024, the carrying amount of goodwill amounted to RMB80,112,000, which accounted for 9% of the Group's total assets. Management tests whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.3. For the purpose of assessing impairment, the goodwill is allocated to relevant cash-generating units ("CGUs"), and the recoverable amount of CGU is determined by management based on value-in-use ("VIU") calculations using cash flow projections. The impairment assessments involved significant management judgement about future results of the business. We have identified the above matter as a key audit matter because of its significance to the consolidated financial statements and the impairment assessments involved significant management judgements and estimations.	Our procedures, among others, included: — Obtaining an understanding of the process in place in the impairment assessment of goodwill; — Assessing the competence, capabilities, objectivity and results of the work of independent professional valuer that was appointed by the management and assisted management to determine the recoverable amount of the relevant CGU; — Evaluating and challenging the appropriateness of the model used by the management to calculate the VIU of the relevant CGU; — Evaluating and challenging the composition of the Group's future cash flow forecasts in the relevant CGU, and the process by which they were drawn up, including testing the underlying calculations; — Evaluating the determination of the recoverable amount of relevant CGU; — Evaluating the reasonableness of the key input values adopted by management and independent professional valuer by comparing entity-specific information with market data; — Evaluating and challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and — Evaluating and challenging the adequacy of sensitivity analysis.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in Company's 2024 annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Forvis Mazars CPA Limited
Certified Public Accountants
Hong Kong, 27 March 2025

The engagement director on the audit resulting in this independent auditor's report is:

So Chun Wai
Practising Certificate number: P07513

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	6	**1,250,504**	1,074,335
Cost of sales	7	**(643,760)**	(507,425)
Gross profit		**606,744**	566,910
Other gains, net	6	**18,378**	8,875
Selling expenses	7	**(319,259)**	(261,678)
Administrative expenses	7	**(192,531)**	(173,646)
Reversal of loss allowance (Loss allowance) on trade receivables	3.1(b)(ii)	**2,832**	(6,833)
Reversal of loss allowance on other receivables	3.1(b)(ii)	**–**	1,800
Change in fair value of contingent consideration receivable	17(iii)	**(1,823)**	17,325
Provision for inventories	18	**(7,440)**	(6,972)
Operating profit		**106,901**	145,781
Finance costs, net	9	**(8,232)**	(13,336)
Share of results of an associate	12	**2,847**	7,074
Profit before income tax		**101,516**	139,519
Income tax expense	10	**(29,286)**	(25,548)
Profit for the year		**72,230**	113,971
Profit (Loss) attributable to:			
Owners of the Company		**81,708**	119,462
Non-controlling interests	35	**(9,478)**	(5,491)
		72,230	113,971
		RMB cents	RMB cents
Basic earnings per share	11	**6.07**	9.05
Diluted earnings per share	11	**5.93**	8.65

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 RMB'000	2023 RMB'000
Profit for the year	**72,230**	113,971
Other comprehensive (loss) income		
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	**(875)**	1,043
Item that may not be reclassified subsequently to profit or loss:		
Currency translation differences	**84**	–
Total other comprehensive (loss) income for the year	**(791)**	1,043
Total comprehensive income for the year	**71,439**	115,014
Total comprehensive income (loss) attributable to:		
Owners of the Company	**80,917**	120,505
Non-controlling interests	**(9,478)**	(5,491)
	71,439	115,014

The notes on pages 121 to 207 are integral parts of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	13	**31,836**	35,055
Goodwill	14	**80,112**	80,112
Intangible assets	15	**14,837**	12,110
Right-of-use assets	16	**27,506**	29,310
Trade and other receivables	17	**11,007**	10,260
Interest in an associate	12	**37,479**	38,682
Deferred income tax assets	28	**6,906**	11,776
Long-term bank deposits	21(a)	**10,000**	10,000
Total non-current assets		**219,683**	227,305
Current assets			
Inventories	18	**54,220**	66,794
Other current assets	19	**197,380**	38,901
Trade and other receivables	17	**294,466**	271,567
Pledged bank deposits	20	**44,859**	484
Bank balances and cash	21(b)	**113,316**	149,536
Total current assets		**704,241**	527,282
Total assets		**923,924**	754,587
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	23	**11,330**	11,363
Treasury shares	23	**(24)**	–
Share premium	25(e)	**322,966**	330,273
Other reserves	25	**91,248**	44,081
Accumulated losses		**(6,529)**	(88,204)
		418,991	297,513
Non-controlling interests	35	**(5,281)**	4,197
Total equity		**413,710**	301,710

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Liabilities			
Non-current liabilities			
Bank and other borrowings	26	**20,535**	35,644
Deferred income tax liabilities	28	**2,753**	2,753
Lease liabilities	16	**16,024**	6,295
Total non-current liabilities		**39,312**	44,692
Current liabilities			
Contract liabilities	22	**62,269**	32,908
Trade and other payables	27	**187,238**	223,713
Current income tax liabilities		**19,387**	33,048
Bank and other borrowings	26	**191,522**	98,244
Lease liabilities	16	**10,486**	20,272
Total current liabilities		**470,902**	408,185
Total liabilities		**510,214**	452,877
Total equity and liabilities		**923,924**	754,587

The notes on pages 121 to 207 are integral parts of the consolidated financial statements.

The consolidated financial statements on pages 114 to 207 were approved and authorised for issue by the Board of Directors on 27 March 2025 and signed on its behalf by

Li Jun
Chairman

Li Liang
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the Company							
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000 (note 25(e))	Other reserves RMB'000 (note 25)	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance as at 1 January 2023	10,667	–	330,273	(47,479)	(200,166)	93,295	9,688	102,983
Profit (Loss) for the year	–	–	–	–	119,462	119,462	(5,491)	113,971
Other comprehensive income:								
Items that may be reclassified subsequently to profit or loss:								
Currency translation differences	–	–	–	1,043	–	1,043	–	1,043
Total other comprehensive income	–	–	–	1,043	–	1,043	–	1,043
Total comprehensive income (loss)	–	–	–	1,043	119,462	120,505	(5,491)	115,014
Transfer	–	–	–	7,500	(7,500)	–	–	–
Transactions with owners								
Contributions and distributions								
Employee share award — value of employee services	–	–	–	83,713	–	83,713	–	83,713
Issuance of new shares for the Share Award Plan	696	–	–	(696)	–	–	–	–
Total transactions with owners	696	–	–	83,017	–	83,713	–	83,713
Balance as at 31 December 2023	11,363	–	330,273	44,081	(88,204)	297,513	4,197	301,710

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Notes	Attributable to owners of the Company							
		Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000 (note 25(e))	Other reserves RMB'000 (note 25)	Accumulated losses RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
Balance as at 1 January 2024		11,363	–	330,273	44,081	(88,204)	297,513	4,197	301,710
Profit (Loss) for the year		–	–	–	–	81,708	81,708	(9,478)	72,230
Other comprehensive (loss) income:									
Items that may be reclassified subsequently to profit or loss:									
Currency translation differences		–	–	–	(875)	–	(875)	–	(875)
Items that may not be reclassified subsequently to profit or loss:									
Currency translation differences		–	–	–	84	–	84	–	84
Total other comprehensive loss		–	–	–	(791)	–	(791)	–	(791)
Total comprehensive (loss) income		–	–	–	(791)	81,708	80,917	(9,478)	71,439
Transactions with owners									
Contributions and distributions									
Share repurchased and cancelled	23(a)	(33)	–	(4,585)	33	(33)	(4,618)	–	(4,618)
Share repurchased but not cancelled	23(a)	–	(24)	(2,722)	–	–	(2,746)	–	(2,746)
Employee share award — value of employee services	24(iii)	–	–	–	47,925	–	47,925	–	47,925
Total transactions with owners		(33)	(24)	(7,307)	47,958	(33)	40,561	–	40,561
Balance as at 31 December 2024		11,330	(24)	322,966	91,248	(6,529)	418,991	(5,281)	413,710

The notes on pages 121 to 207 are integral parts of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
OPERATING ACTIVITIES			
Cash generated from operations	31(a)	**14,638**	210,675
Interest received		**3,657**	1,133
Interest paid		**(7,801)**	(7,189)
Income tax paid		**(38,077)**	(21,632)
Net cash (used in) from operating activities		**(27,583)**	182,987
INVESTING ACTIVITIES			
Purchase of intangible assets		**(5,134)**	(3,127)
Purchases of property, plant and equipment		**(6,454)**	(12,722)
Expenditure on development project		**(6,523)**	–
(Increase) Decrease in pledged deposits		**(44,375)**	408
Increase in bank deposits with original maturity of more than three months		**–**	(10,000)
Dividend received from an associate	12	**4,050**	–
Net cash outflow arising from business combination		**–**	(49,029)
Net cash used in investing activities		**(58,436)**	(74,470)
FINANCING ACTIVITIES			
Proceeds from bank and other borrowings	31(b)	**103,468**	63,081
Repayments of bank and other borrowings	31(b)	**(23,421)**	(55,328)
Repurchase of shares	23(a)	**(7,364)**	–
Interest of lease liabilities		**(963)**	(1,013)
Repayment of lease liabilities	31(b)	**(19,248)**	(17,018)
Net cash from (used in) financing activities		**52,472**	(10,278)
Net (decrease) increase in cash and cash equivalents		**(33,547)**	98,239
Cash and cash equivalents at beginning of year		**149,536**	50,928
Effect of foreign exchange rate changes		**(2,673)**	369
Cash and cash equivalents at end of the year	21(b)	**113,316**	149,536

The notes on pages 121 to 207 are integral parts of the consolidated financial statements.

1. GENERAL INFORMATION

Be Friends Holding Limited (the "Company") was incorporated in the Cayman Islands on 18 December 2012 as an exempted company with limited liability under the Companies Act (Cap. 22, as consolidated and revised) of the Cayman Islands. The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Starlink Vibrant Holdings Ltd., a company incorporated in the British Virgin Islands (the "BVI") and wholly owned by the chairman of the Company, Mr. Li Jun, which holds 23.32% of the Company's shares issued (including treasury shares) as at 31 December 2024.

The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together the "Group") are principally engaged in the provision of (i) new media services; and (ii) television broadcasting business. The Group has operations mainly in the People's Republic of China (the "PRC").

These consolidated financial statements are presented in Renminbi ("RMB") and rounded to the nearest thousands ("000"), unless otherwise stated.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

2.1 Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and disclosure requirements of the Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis.

(c) New and amended standards adopted by the Group

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRSs that are relevant to the Group and effective from the current year:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the consolidated statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HK Interpretation 5: Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This interpretation is revised as a consequence of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants to align the corresponding wordings with no change in conclusion.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(c) New and amended standards adopted by the Group *(continued)*

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

(d) New standards and interpretations not yet adopted

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability [1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments [1]
Annual Improvements to HKFRS Accounting Standards	Volume 11 [2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity [2]
HKFRS 18	Presentation and Disclosure in Financial Statements [3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures [3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [4]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027
4 The effective date to be determined

The Group is in the process of making a detailed assessment of the possible impact on the future adoption of the new/revised HKFRSs. So far the management is of the opinion that the adoption of the new/revised HKFRSs will not have any significant impact on the consolidated financial statements.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.2 Principles of consolidation and equity accounting

(i) Subsidiaries

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2.3).

All intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by HKFRSs.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognised at cost.

Goodwill arising on an acquisition of an associate is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate. Such goodwill is included in interests in associates. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in the consolidated statement of profit or loss as an income.

The Group determines at each reporting date whether there is any objective evidence that the interests in associates are impaired. If this is the case, the Group calculates the amount of impairment as the excess of the carrying value of the associate over its recoverable amount. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.2 Principles of consolidation and equity accounting *(continued)*

(iii) Equity accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iv) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as equity transactions. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is re-measured to its fair value with the change in carrying amount recognised in the consolidated statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs. If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss where appropriate.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.2 Principles of consolidation and equity accounting *(continued)*

(v) Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(vi) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the consolidated statement of profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, a joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. It means that amounts previously recognised in other comprehensive income are reclassified to the consolidated statement of profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interests in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. Acquisition-related costs are expensed as incurred.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.3 Business combinations *(continued)*

The excess of the:

- consideration transferred;
- amount of any non-controlling interests in the acquired entity; and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in the consolidated statement of profit or loss as a bargain purchase.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently re-measured to fair value with changes in fair value recognised in the consolidated statement of profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date. Any gains or losses arising from such re-measurement are recognised in the consolidated statement of profit or loss.

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value-in-use ("VIU") and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.4 Separate financial statements

Investments in subsidiaries are accounted by the Company at cost less impairment. Cost also includes direct attributable costs of investment. The carrying amount of the investment is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors.

2.6 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated statement of profit or loss within "Finance cost, net". All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss within "other gains (losses), net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of all the Group entities have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;

(2) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(3) all resulting exchange differences are recognised in other comprehensive income.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.6 Foreign currency translation *(continued)*

(iii) Group companies *(continued)*

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to the consolidated statement of profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Buildings	20–40 years
Vehicles and machinery	3–5 years
Furniture, fixtures and equipment	3–5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of profit or loss in the period in which the item is derecognised.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.8 Intangible assets

(i) Cooperation agreement

Cooperation agreements acquired in a business combination is recognised at fair value at the acquisition date and are amortised using the straight-line method over their estimated useful lives of 28 months.

(ii) Media accounts

Media accounts acquired in a business combination is recognised at fair value at the acquisition date and amortised using the straight-line method over their estimated useful lives of 5 years.

(iii) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

(iv) Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products/e-commerce platforms) or expenditures incurred in the development related to the application and infrastructure development are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use;
- management intends to complete the product and use or sell it;
- there is an ability to use or sell the product;
- it can be demonstrated how the product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- the expenditure attributable to the product during its development can be reliably measured.

Directly attributable costs that are capitalised include the development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense is not recognised as an asset in a subsequent period.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.8 Intangible assets *(continued)*

(v) Amortisation methods and periods

The Group amortises intangible assets with a limited useful life using the straight-line method over the following periods:

Computer software	5 years
Cooperation agreement	28 months
Media accounts	5 years
Development costs	5–10 years

2.9 Impairment of non-financial assets

Goodwill that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and VIU. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI") or through profit or loss), and

- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the consolidated statement of profit or loss or OCI.

For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.10 Investments and other financial assets *(continued)*

(ii) Recognition and derecognition

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis. A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire; or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated statement of profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are included in administrative expenses in the consolidated statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as separate line item in the consolidated statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss is recognised in the consolidated statement of profit or loss and presented net within other gains (losses) in the period in which it arises.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.10 Investments and other financial assets *(continued)*

(iii) Measurement *(continued)*

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in the consolidated statement of profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains (losses) in the consolidated statement of profit or loss as applicable.

(iv) Impairment

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 3.1(b) for further details.

2.11 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of the inventories for specific application solutions project is determined individually. Cost of other inventories is determined using the weighted average method. The cost comprises acquisition cost purchased from third parties includes purchase price, related taxes, labour costs, transportation cost and insurance cost but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.12 Trade and other receivables

Trade receivables are amounts due from customers for goods sold and services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.13 Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts (if any).

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.14 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in share premium as a deduction, net of tax, from the proceeds.

2.15 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets is substantially ready for their intended use or sale.

All other borrowing costs are recognised in the consolidated statement of profit or loss in the period in which they are incurred.

2.17 Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.17 Current and deferred income tax *(continued)*

(ii) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and associates where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets and liabilities and when the deferred income tax balances relate to the same taxation authority. Current income tax assets and income tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.18 Employee benefits

(i) Retirement benefits

The Group provides defined contribution retirement plans based on local laws and regulations. The plans cover full-time employees and provide for contributions at certain percentage of salary as determined by the respective local government authorities. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefits expense when they are due.

(ii) Employee leaves entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.19 Share-based payments

Share-based compensation benefits are provided to employees via the share award plan. Information relating to these schemes is set out in note 24.

Share Award Plan

The share award plan is administered by the trustee of the share award plan. The fair value of the shares granted determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. The total amount to be expensed is determined by the market value of the shares on grant date.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

When exercised, the trust transfers the appropriate amount of shares to the employee for no cash consideration. The Group may also issue new shares for the vested share awards. The amount previously recognised in share award reserve will be transferred to share capital upon the issuance of new shares.

When the granted shares are forfeited before the vesting date, the amount previously recognised in share award reserve will be transferred to accumulated losses.

2.20 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount of obligation can be made. Expenditures for which a provision has been recognised are charged against the related provision in the year in which the expenditures are incurred. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount provided is the present value of the expenditures expected to be required to settle the obligation. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2.21 Revenue recognition

Revenue comprises the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after elimination of sales made within the Group.

The Group recognises revenue when control of the products has transferred, and when specific criteria have been met for each of the Group's activities as described below. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.21 Revenue recognition *(continued)*

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

The Group's revenue mainly includes new media services, application solutions, sales of self-developed products and system maintenance services.

(i) New media services

The Group mainly offers livestream e-commerce on the e-commerce platforms, the related revenue comprises fixed marketing fees and sales commission.

(a) Online marketing services

The Group provides marketing services to the merchants for the livestream e-commerce on the e-commerce platforms, the revenue from online marketing services is recognised at point in time upon the completion of live-streaming e-commerce activities.

(b) Commission revenue

The Group provides promotion services to the merchants on the e-commerce platforms and charges commissions on the sales of goods transacted through the e-commerce platform based on agreed commission rates. The Group does not take controls of goods sold through the e-commerce platforms. Commission revenue is recognised at a point in time upon the customers purchase merchants' products through the e-commerce platforms.

(ii) Application solutions

The Group provides application solutions including design, implementation and support services and provides broadcasting equipment under fixed-price contract. The components of application solutions are highly interdependent and regarded as one performance obligation.

Revenue for the application solutions is recognised at a point in time when the equipment is delivered, the installation is completed and accepted by the customers.

(iii) Sales of self-developed products

The Group sells self-developed equipment and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

(iv) System maintenance services

System maintenance services include maintenance, extended warranty, training and other supporting services are provided in the form of fixed-price contracts. Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.22 Interest income

Interest income is recognised using the effective interest method.

2.23 Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses and adjusted for any re-measurement of the lease liability. Depreciation is provided on a straight-line basis over the shorter of the lease term and the estimated useful lives of the right-of-use asset.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.23 Leases *(continued)*

As lessee *(continued)*

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;

(b) variable lease payments that depend on an index or a rate;

(c) amounts expected to be payable under residual value guarantees;

(d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and

(e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is re-measured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is re-measured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group re-measures the lease liability using a revised discount rate.

The Group recognises the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in the consolidated statement of profit or loss.

A lease modification is accounted for as a separate lease if

(a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

(b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.23 Leases *(continued)*

As lessee *(continued)*

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

(a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.

(b) the Group determines the lease term of the modified contract.

(c) the Group re-measures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.

(d) for lease modifications that decrease the scope of the lease, the Group accounts for the re-measurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in the consolidated statement of profit or loss.

(e) for all other lease modifications, the Group accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

2.24 Dividend distribution

Dividend distribution to the Company's ordinary shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or board of directors, where appropriate.

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.26 Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For the business of system maintenance services and online marketing services, it is common for the Group to receive from the customer the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e., the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES *(continued)*

2.27 Related parties

A related party is a person or entity that is related to the Group.

(a) A person or a close member of that person's family is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of the holding company of the Group.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group regularly monitors its exposure and currently considers not necessary to hedge any of these financial risks.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in the PRC and Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar ("USD"), Japanese Yen ("JPY") and Hong Kong Dollar ("HKD"). Foreign exchange risk arose from future commercial transactions, recognised assets and liabilities which are not denominated in RMB.

Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to control the exposure of the foreign currency during the business operation. The foreign currency exposure is mainly due to the borrowings denominated in JPY and trade and other receivables and bank balances denominated in HKD.

As at 31 December 2024, if USD, JPY and HKD had weakened/strengthened by 5% (2023: 3%) against the RMB with all other variables held constant, profit before income tax for the year and other comprehensive income would have changed mainly as a result of foreign exchange gains/losses on translation of USD/JPY/HKD bank balances and cash, trade and other receivables, trade and other payables, bank and other borrowings denominated in USD, JPY and HKD.

	2024 RMB'000	2023 RMB'000
(Decrease) Increase in profit before income tax for the year		
Weakened 5% (2023: 3%)		
— USD	**(20)**	(13)
— JPY	**739**	483
— HKD	**(1,410)**	(134)
Strengthened 5% (2023: 3%)		
— USD	**20**	13
— JPY	**(739)**	(483)
— HKD	**1,410**	134

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(i) Foreign exchange risk (continued)

	2024 RMB'000	2023 RMB'000
(Decrease) Increase in other comprehensive income for the year		
Weakened 5% (2023: 3%)		
— HKD	**(31)**	(30)
Strengthened 5% (2023: 3%)		
— HKD	**31**	30

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes in foreign currency represent management's assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next annual reporting period.

(ii) Interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

The Group's interest rate risk arises from bank and other borrowings with variable interest rates. Borrowings at variable rates expose the Group to cash flow interest rate risk which is partially offset by bank balances with variable rates. The Group has not hedged its cash flow interest rate risks.

As at 31 December 2024, if the interest rate on all bank and other borrowings had been 1% (2023: 1%) higher/lower with all other variables held constant, the Group's profit before income tax for the year would have been decreased/increased by approximately RMB125,000 (2023: RMB134,000).

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk

Credit risk arises mainly from trade and other receivables and cash at bank. The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk of bank balances is limited because the counterparties are banks with good reputation and most of them are the state-owned banks in the PRC or licensed banks in Hong Kong.

As at 31 December 2024, the largest and the five largest debtors contributed over 24% (2023: 35%) and 37% (2023: 53%) of the Group's total trade and other receivables respectively.

The maximum exposure to credit risk represents the credit risk exposure to the Group at the end of each reporting period, without taking into account any collateral held or other credit enhancements. A summary of the maximum exposure to credit risk is as follows:

	2024 **RMB'000**	2023 RMB'000
Trade receivables, net	**192,771**	228,589
Other receivables excluding other tax receivables	**89,835**	53,238
Long-term bank deposits	**10,000**	10,000
Bank balances and cash	**113,316**	149,536
Pledged bank deposits	**44,859**	484
	450,781	441,847

(i) *Risk management*

Credit risk is managed on a group basis. The Group has policies to limit the credit exposure on trade receivables. The Group assesses the credit quality of and sets credit limits on their customers by taking into account their financial position, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders to ensure the overall credit risk of the Group is limited to a controllable extent.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets

For other receivables excluding other tax receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking macroeconomic data.

Trade receivables and other receivables are subject to the ECL model. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group applies the HKFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables. For other receivables, the Group involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes.

The expected loss rates are based on the payment profiles of sales over a period of 48 months for television broadcasting business or 24 months for new media services at the end of the reporting period and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the region, relationship and credit of client which it sells its goods and render its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categories a receivable for write off when a debtor fails to make contractual payments/repayable. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the consolidated statement of profit or loss.

To measure the ECLs, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets (continued)

The expected loss rates are based on the historical payment profiles of sales and the corresponding historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Trade receivables

31 December 2024	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Non-credit impaired			
Less than 1 year past due	0.80%	165,806	1,326
More than 1 year but less than 2 years past due	8.40%	13,482	1,132
More than 2 years but less than 3 years past due	24.79%	10,639	2,637
More than 3 years but less than 4 years past due	35.09%	10,197	3,578
More than 4 years past due	96.30%	35,636	34,316
		235,760	42,989
Credit-impaired			
More than 4 years past due	100.00%	11,207	11,207
		11,207	11,207
		246,967	54,196

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets (continued)

Trade receivables *(continued)*

31 December 2023	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Non-credit impaired			
Less than 1 year past due	0.67%	188,380	1,256
More than 1 year but less than 2 years past due	7.06%	20,937	1,478
More than 2 years but less than 3 years past due	23.61%	13,552	3,200
More than 3 years but less than 4 years past due	33.42%	11,572	3,867
More than 4 years past due	90.12%	39,969	36,020
		274,410	45,821
Credit-impaired			
More than 3 years but less than 4 years past due	100.00%	802	802
More than 4 years past due	100.00%	10,405	10,405
		11,207	11,207
		285,617	57,028

A customer was involved in litigation and the management assessed that the customer was credit-impaired and collectability of balance of RMB11,207,000 was remote. Therefore, a full provision on such balance was made during the year ended 31 December 2021 and there was no change in provision on this balance was made during the years 31 December 2024 and 2023.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets (continued)

Trade receivables *(continued)*

The movements in loss allowances are summarised as follows:

	2024 RMB'000	2023 RMB'000
As at 1 January	**57,028**	50,195
(Decrease) Increase in loss allowance recognised in the consolidated statement of profit or loss	**(2,832)**	6,833
As at 31 December	**54,196**	57,028

Other receivables

The gross carrying amount of the financial assets, by credit risk rating grades, is as follows:

Internal credit rating	Expected loss rate %	ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
At 31 December 2024					
Performing	**0**	**12-months**	**89,835**	**–**	**89,835**
Not performing (credit-impaired)	**100**	**Lifetime**	**16,934**	**(16,934)**	**–**
			106,769	**(16,934)**	**89,835**
At 31 December 2023					
Performing	0	12-month	53,238	–	53,238
Not performing (credit-impaired)	100	Lifetime	16,934	(16,934)	–
			70,172	(16,934)	53,238

As at 31 December 2024, the Group recognised loss allowance of RMB16,934,000 (2023: RMB16,934,000) on the balances.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets (continued)

Other receivables *(continued)*

The movements in the loss allowance, which is measured at lifetime ECL, for the other receivables during the year is summarised below.

	2024 RMB'000	2023 RMB'000
As at 1 January	**16,934**	18,734
Decrease in loss allowance recognised in the consolidated statement of profit or loss	**–**	(1,800)
As at 31 December	**16,934**	16,934

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at each of the reporting dates during the period of Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the year-end dates) and the earliest date the Group may be required to pay.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total contractual undiscounted cash flows RMB'000	Total carrying amounts RMB'000
As at 31 December 2024					
Trade and other payables (excluding non-financial liabilities)	133,744	–	–	133,744	133,744
Lease liabilities (including interest)	11,421	8,939	8,260	28,620	26,510
Bank and other borrowings (including interest)	201,689	11,107	10,419	223,215	212,057
	346,854	20,046	18,679	385,579	372,311

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total contractual undiscounted cash flows RMB'000	Total carrying amounts RMB'000
As at 31 December 2023					
Trade and other payables (excluding non-financial liabilities)	161,566	–	–	161,566	161,566
Lease liabilities (including interest)	21,078	6,403	–	27,481	26,567
Bank and other borrowings (including interest)	102,783	21,288	16,831	140,902	133,888
	285,427	27,691	16,831	329,949	322,021

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity.

	2024 RMB'000	2023 RMB'000
Bank and other borrowings	**212,057**	133,888
Lease liabilities	**26,510**	26,567
Total debts	**238,567**	160,455
Less: Long-term bank deposits	**(10,000)**	(10,000)
Less: Pledged bank deposits	**(44,859)**	(484)
Less: Bank balances and cash	**(113,316)**	(149,536)
Net debts	**70,392**	435
Total equity	**413,710**	301,710
Gearing ratio	**17.0%**	0.1%

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under HKFRS 13 "*Fair Value Measurement*".

The following table presents the Group's financial assets that are measured at fair value:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
As at 31 December 2023			
Contingent consideration receivable	–	–	17,325

There were no transfers between Level 1, 2 and 3 during the year (2023: Nil).

The Group's policy is to recognise transfers into and out of level 3 as at the end of the reporting period in which the transfer occurs.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

(b) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in Level 3 instruments:

	Contingent consideration receivable RMB'000
As at 31 December 2024	
At beginning of the reporting period	**17,325**
Settlement	**(13,582)**
Reclassification to consideration receivables (note 17(iii))	**(1,920)**
Fair value changes	**(1,823)**
At end of the reporting period	**–**
As at 31 December 2023	
At beginning of the reporting period	–
Fair value changes	17,325
At end of the reporting period	17,325

The above fair value changes are reported in "Change in fair value of contingent consideration receivable" in the consolidated statement of profit or loss.

Description of the valuation techniques and inputs used in Level 3 fair value measurement

The Group recognises the fair value of contingent consideration receivable at the end of each reporting period and fair value is based on profits for aggregate performance of the disposed subsidiary.

(c) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2024 and 2023.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of trade and other receivables

The impairment provisions for trade receivables are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss.

Management also reviews its trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables.

Details of the key assumptions and inputs used in estimating ECL are set out in note 3.1(b) to the consolidated financial statements. If the ECL rates on the trade receivables, which are not credit-impaired, more than 1 year past due had been 3% (2023: 3%) higher (lower) at the end of the reporting period, with other assumptions held constant, the loss allowance would have been RMB2,099,000 (2023: RMB2,581,000) higher (lower).

(b) Recognition of income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

4.1 Critical accounting estimates and assumptions *(continued)*

(c) Impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets

The management determines the impairment loss on property, plant and equipment, right-of-use assets and intangible assets if circumstances indicate that the carrying value of an asset may not be recoverable. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amounts reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs of disposal and the VIU. In determining the VIU, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.3. These calculations require the use of estimates.

(d) Provision for inventories

Inventories are carried at the lower of cost and net realisable value. The cost of inventories is written down to net realisable value when there is objective evidence that the cost of inventories may not be recoverable. The cost of inventories may not be recoverable if those inventories are damaged, if they have become wholly or partially obsolete, or if their selling prices have declined. The cost of inventories may also be not wholly recoverable if the estimated costs to be incurred to make the sale have increased. The amount written off to the consolidated statement of profit or loss is the difference between the carrying value and net realisable value of the inventories. In determining whether the cost of inventories can be wholly recoverable, significant judgement is required. In making this judgement, the Group evaluates, among other factors, the duration and extent by all means to which the amount will be recovered.

(e) Impairment of interest in an associate

When there is an indication that interest in an associate may suffer an impairment loss, management assesses the recoverable amounts of an associate, taking into account its current financial performance and financial position, and the cash flows of an associate, which require significant judgement.

(f) Discount rates for calculating lease liabilities — as lessee

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discounts rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

4.1 Critical accounting estimates and assumptions *(continued)*

(g) Share-based payments

As disclosed in note 24 to the consolidated financial statements, the Group granted share award to certain selected participants. Significant estimate on assumptions in determining the fair value of the share-based payments upon satisfying specified vesting conditions has been applied.

4.2 Judgement

(a) Control over Beijing Gefei Technology Co., Limited ("Beijing Gefei")

The Group holds 49% equity interests in Beijing Gefei through Cogent (Beijing) Technology Company Limited ("Cogent (Beijing)"), a wholly owned subsidiary of the Company. On 31 August 2020, Cogent (Beijing) and one of the other investors of Beijing Gefei, namely Beijing Yutai Investment Co., Limited ("Yutai"), a company incorporated in the PRC which holds 2% equity interests in Beijing Gefei, entered into an agreement (the "Voting Rights Arrangement") pursuant to which Yutai agreed to irrevocably appoint Cogent (Beijing) to exercise all of Yutai's rights to vote at the shareholders general meetings of Beijing Gefei at nil consideration. The Voting Rights Arrangement will be terminated upon mutual agreement in writing between the Group and Yutai is made. The Voting Rights Arrangement remained effective during the year ended 31 December 2024.

The relevant activities which significantly affect Beijing Gefei's return are determined by shareholders based on a simple majority vote during shareholders' meeting. As the Group's voting rights in Beijing Gefei's shareholders' meeting exceed 50% followed by execution of the Voting Rights Arrangement, the directors of the Company have concluded that the Group has control over Beijing Gefei since 31 August 2020.

(b) Identification of performance obligations

For application solution services, the Group assesses the nature of the goods or services provided and determines that the sales of equipment and the relevant services are regarded as one performance obligation after considering the factors of significant integration, significant modification or customisation, and highly interdependence or interrelation.

5. SEGMENT INFORMATION

The chief operating decision-maker ("CODM") mainly include the board of directors of the Company, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the CODM considers the business from both business and geographical perspective.

There were two reportable operating segments, namely (i) New media services; and (ii) Television broadcasting business.

The CODM assesses the performance of the operating segments mainly based on profit for the year from each segment. Certain unallocated items are not allocated to each segment as they are not directly relevant to the operating results upon performance measurement and resource allocation by the CODM.

Inter-segment revenue and transfers are transacted with reference to the cost of sales and are eliminated on consolidation.

5. SEGMENT INFORMATION *(continued)*

The segment information provided to the CODM for the reportable segments during the year is as follows:

For the year ended 31 December 2024

	New media services RMB'000	Television broadcasting business RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue	1,138,144	113,143	–	1,251,287
Inter-segment revenue	–	(783)	–	(783)
Segment revenue (from external customers)	1,138,144	112,360	–	1,250,504
Segment results	100,891	(22,027)	(6,634)	72,230
Other information				
Segment assets	669,805	251,540	2,579	923,924
Segment liabilities	252,981	253,587	3,646	510,214
Additions to non-current segment assets during the year:				
— Additions to property, plant and equipment	5,969	485	–	6,454
— Additions to intangible assets	11,657	–	–	11,657
— Additions to right-of-use assets	25,556	433	–	25,989
Amounts included in segment results:				
(Loss allowance) Reversal of loss allowance on trade receivables	(145)	2,977	–	2,832
Share of results of an associate	–	2,847	–	2,847
Share-based payment in respect of share awards	(47,925)	–	–	(47,925)
Depreciation of property, plant and equipment	(6,676)	(2,930)	–	(9,606)
Depreciation of right-of-use asset	(19,453)	(1,402)	–	(20,855)
Amortisation of intangible assets	(7,371)	(1,559)	–	(8,930)
Write-down of inventories	–	(7,440)	–	(7,440)
Change in fair value of contingent consideration receivable	–	(1,823)	–	(1,823)
Lease payment on short-term lease	(2,294)	(534)	–	(2,828)
Finance costs (excluding net foreign exchange gain)	(699)	(12,177)	–	(12,876)
Interest income on long-term bank deposits	320	–	–	320
Interest income on short-term bank deposits	3,318	19	–	3,337
Written off of property, plant and equipment	(67)	–	–	(67)

5. SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2023

	New media services RMB'000	Television broadcasting business RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue (from external customers)	988,732	85,603	–	1,074,335
Segment results	113,718	5,999	(5,746)	113,971
Other information				
Segment assets	446,827	306,781	979	754,587
Segment liabilities	167,500	282,977	2,400	452,877
Additions to non-current segment assets during the year:				
— Additions to property, plant and equipment	12,204	518	–	12,722
— Additions to intangible assets	3,127	–	–	3,127
— Additions to right-of-use assets	27,393	2,293	–	29,686
— Additions — Acquisition of subsidiaries	91,122	–	–	91,122
Amounts included in segment results:				
Loss allowance on trade receivables	–	(6,833)	–	(6,833)
Reversal of loss allowance on other receivables	–	1,800	–	1,800
Share of results of an associate	–	7,074	–	7,074
Share-based payment in respect of share awards	(83,713)	–	–	(83,713)
Depreciation of property, plant and equipment	(5,034)	(3,220)	–	(8,254)
Depreciation of right-of-use asset	(13,258)	(1,399)	–	(14,657)
Amortisation of intangible assets	(5,898)	(1,727)	–	(7,625)
Write-down of inventories	–	(6,972)	–	(6,972)
Change in fair value of contingent consideration receivable	–	17,325	–	17,325
Lease payment on short-term lease	(238)	(1,858)	–	(2,096)
Finance costs (excluding net foreign exchange loss)	(1,058)	(13,189)	–	(14,247)
Interest income on long-term bank deposits	160	–	–	160
Interest income on short-term bank deposits	691	282	–	973
Loss on disposal of property, plant and equipment	(224)	–	–	(224)

5. SEGMENT INFORMATION *(continued)*

Information about major customers

No revenue from any customer individually accounted for 10% or more of the Group's revenue for the years ended 31 December 2024 and 2023.

The Group's revenue was principally derived from the business carried out in the PRC. The revenue from external customers in the PRC and other countries and districts are disclosed as follows:

	2024 RMB'000	2023 RMB'000
The PRC	**1,242,508**	1,071,874
Hong Kong	**6,116**	1,970
Others	**1,880**	491
	1,250,504	1,074,335

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Total of non-current assets other than deferred income tax assets, trade and other receivables, long-term bank deposits and interest in an associate		
The PRC	**147,792**	156,319
United States of America ("USA")	**6,001**	–
Others	**498**	268
	154,291	156,587

6. REVENUE AND OTHER GAINS, NET

An analysis of the Group's revenue by type is as follows:

	2024 RMB'000	2023 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15:		
New media services	**1,138,144**	988,732
Application solutions	**70,096**	48,028
Sales of self-developed products	**29,342**	23,078
System maintenance services	**12,922**	14,497
	1,250,504	1,074,335
Timing of revenue recognition		
At a point in time	**1,237,582**	1,059,838
Over time	**12,922**	14,497
	1,250,504	1,074,335

The revenue from contracts with customers within HKFRS 15 is based on fixed price.

	2024 RMB'000	2023 RMB'000
Other gains		
Government grants (note)	**17,698**	4,000
Value added tax refund	**2,977**	5,273
Others	**76**	31
Other gains	**20,751**	9,304
Other losses		
Loss on disposal of property, plant and equipment	**(67)**	(224)
Loss on early termination of lease	**(144)**	–
Others	**(2,162)**	(205)
Other losses	**(2,373)**	(429)
Other gain, net	**18,378**	8,875

Note: Government grants represented cash subsidies received from the PRC local government for the Group's research and development activities during the years ended 31 December 2024 and 2023. There are no unfulfilled conditions or contingencies relating to such government grant income.

7. EXPENSES BY NATURE

	2024 RMB'000	2023 RMB'000
Cost of services	554,060	449,769
Employee benefits expenses (note 8)**	409,828	352,819
Cost of inventories (note 18)*	81,968	50,446
Depreciation expenses of right-of-use assets (note 16)	20,855	14,657
Travelling and transportation expenses	15,751	11,851
Office expenses	12,673	10,505
Depreciation expenses of property, plant and equipment (note 13)	9,606	8,254
Amortisation expenses of intangible assets (note 15)	8,930	7,625
Legal fee and professional charges	7,311	4,921
Advertising and promotion	6,780	7,134
Others	6,671	5,326
Business development	6,380	6,602
Other transaction taxes	5,905	4,482
Testing expenses	2,985	330
Leases expenses under short term leases (note 16)	2,828	2,096
Auditor's remuneration	1,900	1,850
Servicing and agency costs	1,119	1,082
Donation	–	3,000
	1,155,550	942,749

* Cost of inventories includes RMB3,390,000 (2023: RMB1,846,000) relating to employee benefits expenses.

** Employee benefits expenses disclosed above do not include an amount of RMB6,523,000 (2023: RMBNil) incurred relating to research and development activities.

8. EMPLOYEE BENEFITS EXPENSES

	2024 RMB'000	2023 RMB'000
Wages and salaries	223,865	170,988
Contributions to defined contribution plans	66,423	44,874
Share based payment expenses (note 24)	47,925	83,713
Bonus	34,694	33,090
Welfare and other allowances	36,921	20,154
	409,828	352,819

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For the year ended 31 December 2024

8. EMPLOYEE BENEFITS EXPENSES *(continued)*

(a) Defined contribution plans

The Group has arranged its Hong Kong employees to join Mandatory Provident Fund ("MPF") Scheme. Under the MPF Scheme, each of the Group's companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the MPF Scheme Ordinance. The contributions from each of the employers and employees are subject to a cap of HKD1,500 per month and thereafter contributions are voluntary.

The Group's employees in the PRC are required to participate in a defined contribution retirement scheme administered and operated by local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on fixed percentage of the employees' salaries (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefit of the employees during the year.

No forfeited contributions for the above plans may be used by the employer to reduce the existing level of contributions.

(b) Five highest paid individuals

Of the five highest paid individuals in the Group, one (2023: one) individual was director whose emoluments are set out in note 34. The emoluments of the remaining four (2023: four) highest paid non-director individuals for 2024, are as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries, housing allowances, other allowances and benefits in kind	**3,744**	3,694
Discretionary bonus	**1,348**	1,766
Contributions to defined contribution plans	**610**	608
Share based payment expenses	**7,085**	21,402
	12,787	27,470

8. EMPLOYEE BENEFITS EXPENSES *(continued)*

(b) Five highest paid individuals *(continued)*

The number of the highest paid individuals (excluding the director of the Company) whose remuneration fell within the following bands is as follows:

	Number of individuals	
	2024	2023
Emolument bands:		
HKD2,000,001–HKD2,500,000	**2**	–
HKD3,500,001–HKD4,000,000	**–**	1
HKD4,000,001–HKD4,500,000	**1**	1
HKD5,000,001–HKD5,500,000	**1**	–
HKD10,500,001–HKD11,000,000	**–**	1
HKD12,000,001–HKD12,500,000	**–**	1
	4	4

No remuneration was paid or payable by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of these individuals waived any emoluments during the years ended 31 December 2024 and 2023.

9. FINANCE COSTS, NET

	2024 **RMB'000**	2023 RMB'000
Finance income		
Interest income on long-term bank deposits	**320**	160
Interest income on short-term bank deposits	**3,337**	973
	3,657	1,133
Finance costs		
Interest expenses on bank and other borrowings	**(10,769)**	(12,186)
Interest expenses on lease liabilities	**(963)**	(1,013)
Interest expenses on amount due to a related company/a shareholder	**(684)**	(534)
Interest expenses on amounts due to a director	**(460)**	(514)
Net foreign exchange gain (loss)	**987**	(222)
	(11,889)	(14,469)
Finance costs, net	**(8,232)**	(13,336)

10. INCOME TAX EXPENSE

	2024 RMB'000	2023 RMB'000
PRC enterprise income tax ("EIT")		
— Current income tax	23,382	42,109
— Under (Over) provision in prior years	1,034	(4,785)
	24,416	37,324
Deferred income tax (note 28)	4,870	(11,776)
Income tax expense	29,286	25,548

Reconciliation of income tax expense

	2024 RMB'000	2023 RMB'000
Profit before income tax	101,516	139,519
Tax calculated at applicable tax rates of 25% (2023: 25%)	25,378	34,879
Tax effects of:		
— Expenses not deductible for tax purpose	1,935	1,457
— Effect of preferential/different tax rate	(3,741)	4,729
— Share of results of an associate	(712)	(1,768)
— Unrecognised temporary differences	150	(4,900)
— Utilisation of temporary difference previously not recognised	–	(3,288)
— Utilisation of unrecognised tax losses	–	(4,024)
— Unrecognised tax losses	5,242	3,248
— Under (Over) provision in prior years	1,034	(4,785)
Income tax expense	29,286	25,548

Cayman Islands income tax

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (Cap. 22, as consolidated and revised) of the Cayman Islands and accordingly, is exempted from the Cayman Islands income tax.

10. INCOME TAX EXPENSE *(continued)*

BVI income tax

Some of the subsidiaries of the Group, incorporated in BVI as exempted companies with limited liability under the Companies Law of BVI, are exempted from BVI income tax.

Hong Kong profits tax

Entities of the Group incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for the year ended 31 December 2024 (2023: 16.5%) on the estimated assessable profit for the year. Hong Kong profits tax has not been provided as the Group incurred a loss for taxation purposes during both years.

PRC EIT

Entities of the Group incorporated in the PRC are subject to EIT. According to the EIT law effective from 1 January 2008, all PRC enterprises are subject to a standard EIT rate of 25%, except for enterprises which are allowed to enjoy the preferential policies and provisions as discussed below:

Certain subsidiaries obtained the High and New Technology Enterprise qualification. A reduced tax rate of 15% (2023: 15%) was granted as long as those PRC subsidiaries meet the high-tech enterprise qualification.

Certain subsidiaries of the Group meet the criteria of Micro-enterprise. Pursuant to the Announcement of Ministry of Finance and the State Administration of Taxation No. 13 of 2022* 《(財政部稅務總局公告2022年第13號 》) and the Announcement of Ministry of Finance and the State Administration of Taxation No. 6 of 2023* 《(財政部稅務總局公告2023年第6號》), Micro-enterprise could enjoy an EIT at 20% on the assessable profits below RMB3,000,000 after reduction of 75% of assessable profits.

PRC withholding tax

In addition, according to the EIT law, dividends, interests, rent, royalties and gains on transfers of property received by a foreign enterprise, i.e., a non-China tax resident enterprise, will be subject to PRC withholding tax at 10% or a reduced treaty rate depending on provisions of tax treaty entered between the PRC and the jurisdiction where the foreign enterprise incorporated. The withholding tax rate is 5% for the holding company in Hong Kong if the parent company is the beneficial owner of the dividend received from the invested enterprises in the PRC and obtained the approval of enjoying the treaty rate from the PRC tax authorities. The withholding tax imposed on the dividend income received from the Group's PRC entities will reduce the Group's net income.

* *For identification only*

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following data:

		2024 RMB'000	2023 RMB'000
Numerator			
Profit attributable to owners of the Company and used in computing basic and diluted earnings per share		81,708	119,462
	Note	'000 shares	'000 shares
Denominator			
Weighted average number of ordinary shares in issue or cancelled less shares held under the share award scheme during the year for the purpose of calculating basic earnings per share	(a)	1,346,747	1,320,318
Effect of dilutive potential ordinary shares:			
Unvested share award		30,080	60,562
Weighted average number of ordinary shares used in computing diluted earnings per share		1,376,827	1,380,880

	2024 RMB cents	2023 RMB cents
Basic earnings per share	6.07	9.05
Diluted earnings per share	5.93	8.65

Note:

(a) The weighted average number of ordinary shares in issue during the years ended 31 December 2024 and 2023 excluding ordinary shares held for the share award scheme as set out in note 24 to the consolidated financial statements.

12. INTEREST IN AN ASSOCIATE

The amount recognised in the consolidated statement of financial position is as follows:

	2024 RMB'000	2023 RMB'000
Cost of investment	**34,410**	34,410
Accumulated impairment loss	**(1,800)**	(1,800)
Share of post-acquisition profit and other comprehensive income, net of dividends received	**4,869**	6,072
	37,479	38,682

The amount recognised in the consolidated statement of profit or loss is as follows:

	2024 RMB'000	2023 RMB'000
Share of results of an associate	**2,847**	7,074

Details of the associate at the end of the reporting period is as follows:

Name of associate	Place of business, country of incorporation	Principal activities	% of ownership interest		Carrying amount	
			2024	2023	**2024** **RMB'000**	2023 RMB'000
北京永達天恒體育文化傳媒有限公司 (Beijing Evertop Sports Culture Media Co., Ltd*) ("Beijing Evertop")	Beijing, The PRC	Engaged in sports broadcasting, as well as media copyright promotion	**45%**	45%	**37,479**	38,682

* The official name is in Chinese and the English name is translated for identification purpose only.

(i) Beijing Evertop is private company and there is no quoted market price available for the investment.

(ii) Beijing Evertop is accounted for using the equity method in the consolidated statement of financial statements.

12. INTEREST IN AN ASSOCIATE *(continued)*

Relationship with an associate

Beijing Evertop, a non-wholly owned subsidiary of Wanda Group, a multinational conglomerate company in the PRC, provides business synergy between the Group and Wanda Group by putting together the skills and techniques of the Group and the Wanda Group to provide more diversified solutions to its customers and participate in more sports and events.

Summarised financial information

Summarised financial information prepared using the same accounting policies as adopted by the Group is set out below.

Beijing Evertop

(i) *Summarised statement of financial position*

	2024 RMB'000	2023 RMB'000
Current assets	38,271	59,703
Current liabilities	(14,235)	(30,832)
Net current assets	24,036	28,871
Non-current assets	11,494	9,716
Non-current liabilities	(19)	(402)
Net non-current assets	11,475	9,314
Net assets	35,511	38,185

(ii) *Summarised statement of comprehensive income*

	2024 RMB'000	2023 RMB'000
Revenue	81,214	82,834
Profit before income tax	7,442	17,234
Income tax expenses	(1,116)	(1,514)
Profit and total comprehensive income	6,326	15,720
Dividend received from an associate	4,050	–

12. INTEREST IN AN ASSOCIATE *(continued)*

Summarised financial information *(continued)*

Beijing Evertop *(continued)*

(iii) *Reconciliation of summarised financial information*

Reconciliation of the summarised financial information presented to the carrying amount of its interest in an associate.

	2024 RMB'000	2023 RMB'000
Opening net assets	38,185	22,465
Profit for the year	6,326	15,720
Dividend paid	(9,000)	–
Closing net assets	35,511	38,185
Share of net assets (45%)	15,980	17,183
Goodwill	23,299	23,299
Accumulated impairment loss on goodwill	(1,800)	(1,800)
Carrying value of interest in an associate	37,479	38,682

Impairment test

The Group has engaged an independent valuer to perform the valuation of recoverable amount of the Group's interest in Beijing Evertop as at 31 December 2024. The recoverable amount of Beijing Evertop has been determined based on the basis of VIU. The VIU calculation use cash flow projections based on financial budgets prepared by the management covering a 5-year period by certain key assumptions.

The key assumptions used for VIU calculations as at 31 December 2024 and 2023 are as follows:

	2024	2023
Gross margin	41.0%	40.8%
Pre-tax discount rate	11.0%	11.9%
Average growth rate	4.5%	4.5%
Perpetual growth rate	2.0%	3.0%

The pre-tax discount rates used reflects the specific risks relating to the relevant business. The cash flow beyond the 5-year period are extrapolated using a growth rate with the cooperation with the Group to provide more diversified solutions to its customers and participate in more sports and events, the management of the Group considers the growth rate is reasonable.

The key assumptions for the VIU calculation are budgeted growth rate and budgeted gross margin, which are determined based on the past performance and the management's expectation of the market development, future performance of Beijing Evertop and market growth forecast.

Based on the valuation prepared by the valuer, the recoverable amounts as at 31 December 2024 are determined higher than the carrying amounts.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Vehicles and machinery RMB'000	Furniture, fixture and equipment RMB'000	Total RMB'000
Reconciliation of carrying amount — Year ended 31 December 2023				
As at 1 January 2023	25,333	297	5,181	30,811
Additions	–	–	12,722	12,722
Written off	–	–	(224)	(224)
Depreciation	(2,486)	(108)	(5,660)	(8,254)
As at 31 December 2023	22,847	189	12,019	35,055
Reconciliation of carrying amount — Year ended 31 December 2024				
As at 1 January 2024	**22,847**	**189**	**12,019**	**35,055**
Additions	**–**	**150**	**6,304**	**6,454**
Written off	**–**	**–**	**(67)**	**(67)**
Depreciation	**(2,484)**	**(204)**	**(6,918)**	**(9,606)**
As at 31 December 2024	**20,363**	**135**	**11,338**	**31,836**
As at 31 December 2023				
Cost	53,436	3,531	29,822	86,789
Accumulated depreciation	(30,589)	(3,342)	(17,803)	(51,734)
	22,847	189	12,019	35,055
As at 31 December 2024				
Cost	**53,436**	**3,681**	**35,958**	**93,075**
Accumulated depreciation	**(33,073)**	**(3,546)**	**(24,620)**	**(61,239)**
	20,363	**135**	**11,338**	**31,836**

The Group's buildings are located in the PRC.

Depreciation expenses of RMB5,657,000 (2023: RMB8,171,000) has been charged in administrative expenses for the year ended 31 December 2024.

As at 31 December 2024, buildings with carrying amount of RMB20,363,000 (2023: RMB22,847,000) have been pledged for bank borrowings (note 26(b)).

14. GOODWILL

	2024 RMB'000	2023 RMB'000
Reconciliation of carrying amount		
As at 1 January	**80,112**	–
Acquisition of a subsidiary	**–**	80,112
As at 31 December	**80,112**	80,112

Goodwill arose because the consideration paid for the acquisition effectively included amount in relation to the benefits originated from future market development. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

Goodwill acquired through business combinations has been allocated to CGU of Beijing Be Friends Digital Technology Company Limited* ("Beijing Be Friends DT") for impairment test.

Impairment tests for CGU containing goodwill

The Group has engaged the valuer to perform an appraisal of the recoverable amounts of the CGU of Beijing Be Friends DT. The recoverable amounts of CGU have been determined on the basis of higher of the CGU's fair value less costs of disposal and VIU calculations.

The recoverable amounts of the CGU of Beijing Be Friends DT, including cooperation agreement and media account (note 15) has been determined on the basis of VIU. The VIU calculations uses cash flow projection based on financial budgets approved by management covering a 5-year period by applying certain key assumptions.

The key assumptions used for VIU calculations as at 31 December 2024 and 2023 are as follows:

	2024	2023
Gross margin	**31%**	49%
Pre-tax discount rate	**21%**	16%
Average growth rate	**3%**	3%
Perpetual growth rate	**2%**	2%

The pre-tax discount rates used reflects the specific risks relating to the relevant business. The perpetual growth rates are based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Other key assumptions for the VIU calculation are budgeted growth rate and budgeted gross margin, which are determined based on the past performance and the management's expectation of the market development, future performance of the CGU and market growth forecast.

Management is of the opinion that any reasonably possible change in the key assumptions would not cause the CGU's carrying amount to exceed its recoverable amount.

* The official name is in Chinese and the English name is translated for identification purpose only.

15. INTANGIBLE ASSETS

	Cooperation agreement RMB'000	Media accounts RMB'000	Computer software RMB'000	Development costs RMB'000	Total RMB'000
Reconciliation of carrying amount — year ended 31 December 2023					
As at 1 January 2023	–	–	5,598	–	5,598
Addition	–	–	3,127	–	3,127
Additions — business combination	8,100	2,910	–	–	11,010
Amortisation	(2,297)	(384)	(4,944)	–	(7,625)
As at 31 December 2023	5,803	2,526	3,781	–	12,110
Reconciliation of carrying amount — year ended 31 December 2024					
As at 1 January 2024	**5,803**	**2,526**	**3,781**	**–**	**12,110**
Additions	**–**	**–**	**3,657**	**8,000**	**11,657**
Amortisation	**(3,488)**	**(583)**	**(4,793)**	**(66)**	**(8,930)**
As at 31 December 2024	**2,315**	**1,943**	**2,645**	**7,934**	**14,837**
As at 31 December 2023					
Cost	8,100	2,910	21,259	202	32,471
Accumulated amortisation	(2,297)	(384)	(17,478)	(202)	(20,361)
Net book value	5,803	2,526	3,781	–	12,110
As at 31 December 2024					
Cost	**8,100**	**2,910**	**24,916**	**8,202**	**44,128**
Accumulated amortisation	**(5,785)**	**(967)**	**(22,271)**	**(268)**	**(29,291)**
Net book value	**2,315**	**1,943**	**2,645**	**7,934**	**14,837**

Development costs represent costs incurred at the development phase of an internal project, which are capitalised and, if available for use, amortised under the straight-line method over 10 years. This asset is tested for impairment where an indicator of impairment appears and, if not yet available for use, tested annually.

Amortisation expense of RMB8,930,000 (2023: RMB7,625,000) for the year ended 31 December 2024 has been charged in administrative expenses.

Cooperation agreement and media accounts were acquired as a result of the acquisition of Beijing Be Friends DT. Amortisation is provided on the straight-line basis over their estimated useful lives. The carrying amounts of cooperation agreement and media accounts are measured at cost less accumulated amortisation and impairment losses. As at 31 December 2024, cooperation agreement and media accounts were tested for impairment (see note 14) and no impairment loss was charged for the year.

16. LEASES

Right-of-use assets

	Properties RMB'000
Reconciliation of carrying amount — year ended 31 December 2023	
As at 1 January 2023	16,302
Additions	29,686
Lease modification	(2,010)
Depreciation	(14,657)
Exchange realignments	(11)
As at 31 December 2023	29,310
Reconciliation of carrying amount — year ended 31 December 2024	
As at 1 January 2024	**29,310**
Additions	**25,989**
Early termination	**(7,068)**
Depreciation	**(20,855)**
Exchange realignments	**130**
As at 31 December 2024	**27,506**
As at 31 December 2023	
Cost	44,711
Accumulated depreciation	(15,401)
Net book amount	29,310
As at 31 December 2024	
Cost	**60,529**
Accumulated depreciation	**(33,023)**
Net book amount	**27,506**

Depreciation expenses of RMB20,855,000 (2023: RMB14,657,000) for the year ended 31 December 2024 has been charged in administrative expenses.

The Group's right-of-use assets in respect of properties represent the prepaid operating lease payment of car parks located in the PRC with lease terms of 46 years and leases of various offices and warehouses respectively. Rental contracts in relation to various offices and warehouses are typically made for fixed periods of 2 to 3 years (2023: 2 to 3 years). Lease terms are negotiated on an individual basis and contain similar terms and conditions.

As at 31 December 2024, the Group's right-of-use assets were located in the PRC, USA and Hong Kong (2023: the PRC and Hong Kong).

16. LEASES *(continued)*

Right-of-use assets *(continued)*

Restrictions or covenants

Most of the leases impose a restriction that, unless the approval is obtained from the lessor, the right-of-use assets can only be used by the Group and the Group is prohibited from selling or pledging the underlying assets.

For leases of properties, the Group is required to keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Lease liabilities

	2024 **RMB'000**	2023 RMB'000
Lease liabilities		
Non-current	**16,024**	6,295
Current	**10,486**	20,272
	26,510	26,567

Note: The incremental borrowing rate applied to the lease liabilities during the year ended 31 December 2024 ranging from 4.35% to 4.89% (2023: 4.45% to 4.89%) per annum.

	2024 **RMB'000**	2023 RMB'000
Lease payments:		
Short-term leases	**2,828**	2,096
Expenses recognised in the consolidated statement of profit or loss	**2,828**	2,096
Lease payments:		
Interest on lease liabilities	**963**	1,013
Repayment of lease liabilities	**19,248**	17,018
	20,211	18,031
Total cash outflow for leases	**23,039**	20,127

17. TRADE AND OTHER RECEIVABLES

	Notes	2024 RMB'000	2023 RMB'000
Trade receivables			
— from third parties		246,251	283,875
— from an associate		716	1,742
	(vii)	246,967	285,617
Less: provision for impairment of trade receivables	3.1(b)(ii)	(54,196)	(57,028)
Trade receivables, net		192,771	228,589
Other receivables			
Deposit for guarantee certificate over tendering and performance	(i)	14,501	5,551
Deposit paid for acquisition of a subsidiary	(ii)	16,934	16,934
Cash advance to employees		7,881	4,022
Consideration receivable	(iii)	1,920	–
Contingent consideration receivable	(iii)	–	17,325
Due from an associate	(iv)	203	–
Due from related parties	(v)	24,305	18,195
Receivable from disposal of a subsidiary	(vi)	3,602	3,602
Loan to a third party	(viii)	21,000	–
Other deposits paid		12,087	2,145
Other tax receivables		22,867	–
Others		4,336	2,398
		129,636	70,172
Less: provision for impairment of deposits paid for acquisition of a subsidiary	(ii)	(16,934)	(16,934)
	3.1(b)(ii)	(16,934)	(16,934)
Other receivables, net		112,702	53,238
Total trade and other receivables		305,473	281,827
Less: Non-current portion			
Receivable from disposal of a subsidiary	(vi)	3,602	3,602
Other deposits paid		2,000	4,156
Trade receivables — third parties	(vii)	5,459	2,556
Less: provision for impairment of trade receivables		(54)	(54)
Non-current portion		11,007	10,260
Current portion		294,466	271,567

As at 31 December 2024 and 2023, the fair values of trade and other receivables of the Group approximate their carrying amounts.

17. TRADE AND OTHER RECEIVABLES *(continued)*

Information about the impairment of trade receivables and the Group's exposure to foreign currency risk and credit risk are detailed in notes 3.1(a) and 3.1(b) to the consolidated financial statements respectively.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Notes:

(i) Deposits for guarantee certificate over tendering and performance are placed with customers for performing the contracts and they are interest free and will be returned when the contracts complete.

(ii) The amount represented a refundable deposit paid in relation to a proposed acquisition of 100% equity interests of a target company amounting to HKD20,000,000 (equivalent to RMB16,934,000) paid to the seller in 2015. The conditions precedent underlying this proposed acquisition was not fulfilled and therefore the acquisition did not proceed. In March 2018, the Group entered into another framework agreement with this seller to transfer this deposit into prepayment of 20% equity interests of another target company. In 2018, management has evaluated that the acquisition of this new target company would not contribute benefit to the Group as a whole and did not proceed further. Thereafter, management ran into dispute with the seller to refund the deposit. Based on the management's assessment with consultation with external legal counsel's opinion, the recoverability of the prepayment is remote. A full provision was provided in 2018 accordingly.

On 19 May 2022, The Hong Kong International Arbitration Centre has arrived a verdict that the Group is entitled to receive the refundable deposit of HKD20,000,000, together with interest at The Hong Kong Interbank Offered Rate plus 1% per annum on such amount, from the seller.

Although the Group has taken further actions to request the seller to settle the outstanding balance, the seller has not responded to the Group's requests. The management has further evaluated the recoverability of the deposit and consider that the probability to receive such amount is still remote, therefore, no reversal of provision has been made.

(iii) The amount represented contingent receivable for disposal of Beijing Evertop in 2018. The contingent consideration receivable will be settled only when the audited profits after tax of Beijing Evertop for the three years ended 31 December 2020 ("Profit Guarantee Period") shall not be less than RMB30,000,000 ("Target Profits") in aggregate.

In view of the coronavirus outbreak in the PRC since early 2020, there has been disruption in the general business operation environment in the PRC, especially to the sports industry, and the business performance of Beijing Evertop was affected. On 8 July 2020, the Group and Wanda Sports Co., Ltd ("Wanda Sports") entered into a supplemental agreement to the equity transfer agreement dated 9 November 2018 pursuant to which the parties agreed to amend, inter alia, the Profit Guarantee Period from the three years ended 31 December 2020 to the two years ended 31 December 2019 together with the year ended 31 December 2021 ("Revised Profit Guarantee Period").

On 9 February 2022, the Group and Wanda Sports entered into second supplemental agreement to the equity transfer agreement dated 9 November 2018 pursuant to which the parties agreed to amend, inter alia, the Revised Profit Guarantee Period from the two years ended 31 December 2019 together with the year ended 31 December 2021 to the two years ended 31 December 2019 together with the year ending 31 December 2022 ("Second Revised Profit Guarantee Period"). In the event that Beijing Evertop generates profits exceeded RMB21,000,000 (the "Minimum Profit Target") but less than the Target Profits during the Second Revised Profit Guarantee Period, the consideration shall be adjusted downwards, or additional equity interests in Beijing Evertop shall be transferred to Wanda Sports at the election of Wanda Sports.

On 10 March 2023, the Group and Wanda Sports, after considered the continuous coronavirus outbreak in the PRC remain affecting the sport industry and adversely affect the business performance of Beijing Evertop, entered into the third supplemental agreement to the equity transfer agreement dated 9 November 2018 pursuant to which the parties agreed to amend, inter alia, the Second Revised Profit Guarantee Period from the two years ended 31 December 2019 together with the year ended 31 December 2022 to the two years ended 31 December 2019 together with the year ended 31 December 2023 ("Third Revised Profit Guarantee Period"), and deducting 55% of the actual net loss (if any) of Beijing Evertop for the year ended 31 December 2022 as set out in its 2022 audited financial statement.

In the event that the actual profit of Beijing Evertop does not meet the Minimum Profit Target during the Third Revised Profit Guarantee Period, Wanda Sports shall have the right to request the refund of the total consideration paid of RMB24,900,000 together with interest at the rate of 10% per annum.

Based on the audited financial information of Beijing Evertop, Beijing Evertop has partially met the Target Profits during the Third Revised Profit Guarantee Period and the Group is entitled to receive RMB15,502,000 from Wanda Sports. The difference was a decrease in fair value of the contingent consideration receivable of RMB1,823,000 during the year ended 31 December 2024 (2023: increase in fair value of RMB17,325,000). The Group received RMB13,582,000 from Wanda Sports during the year.

17. TRADE AND OTHER RECEIVABLES *(continued)*

Notes: *(continued)*

(iv) The amount due from Beijing Evertop is unsecured, interest-free and repayable on demand.

(v) The amounts due are unsecured, interest-free and repayable on demand.

Details of amounts due from related companies are as follows:

	Notes	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000	Maximum amount During the year ended 31 December 2024 RMB'000	Maximum amount During the year ended 31 December 2023 RMB'000
北京世紀睿科系統技術有限公司 (Beijing Century Sage Scientific System and Technology Company Limited*)	(a)	**9,957**	10,316	**10,316**	10,316
北京格非科技股份有限公司 (Beijing Gefei Technology Co., Limited*)	(b)	**14,348**	7,879	**14,348**	7,879
		24,305	18,195		

* The official names are in Chinese and the English names are translated for identification purpose only.

Notes:

(a) Mr. Lo Chi Sum ("Mr. Lo"), an executive director of the Company, has direct beneficial interests in, and control over, the related company.

(b) Certain directors of a non-wholly owned subsidiary have direct beneficial interests in, and control over, the related company.

(vi) The amount due is unsecured, interest-free and repayable on or before 29 April 2027.

(vii) Invoices issued to our customers (both third parties and an associate) are payable on issuance and no credit terms are stipulated in our project contracts and service agreement for new media services generally. The majority of the Group's trade receivables will be settled from three months to two years based on the historical record. The Group has put in place control measures so that our accounting and finance department will keep regular tracking of outstanding receivables, and our heads of sale department would supervise our sale personnel to closely monitor and follow up with our customers on settlement of the outstanding receivables.

The ageing analysis of the trade receivables based on invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Up to 3 months	**132,583**	140,186
Over 3 months but less than 6 months	**9,167**	10,221
Over 6 months but less than 1 year	**24,056**	37,973
Over 1 year but less than 2 years	**13,482**	20,937
Over 2 years but less than 3 years	**10,639**	13,552
Over 3 years	**57,040**	62,748
	246,967	285,617

The Group applies simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

17. TRADE AND OTHER RECEIVABLES *(continued)*

Notes: *(continued)*

(viii) The amount due is unsecured, bear interest at a fixed rate of 3% per annum and is wholly repayable on 7 November 2025.

(ix) The carrying amounts of the trade and other receivables are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
Trade receivables		
RMB	189,108	224,840
USD	426	433
HKD	3,237	3,316
	192,771	228,589
Other receivables		
RMB	108,090	52,292
HKD	4,406	–
Others	206	946
	112,702	53,238
	305,473	281,827

18. INVENTORIES

	2024 RMB'000	2023 RMB'000
Equipment and parts	**64,448**	61,978
Contract work in progress	**24,338**	31,942
	88,786	93,920
Provision for inventories	**(34,566)**	(27,126)
	54,220	66,794

Provision of RMB7,440,000 (2023: RMB6,972,000) was made to write down the inventories to net realisable value during the year.

The cost of inventories recognised as expense is included in "cost of sales" amounted to RMB81,968,000 (2023: RMB50,446,000) for the year ended 31 December 2024.

19. OTHER CURRENT ASSETS

	2024 RMB'000	2023 RMB'000
Prepayment for advertising services in e-commerce platforms	**182,793**	29,705
Prepayment for purchase of goods and provision of services	**14,587**	9,196
	197,380	38,901

As at 31 December 2024, most of the other current assets are expected to be recovered within next 12 months.

20. PLEDGED BANK DEPOSITS

The amounts represent deposits placed in banks for guarantees issued for trade finance facilities used by the Group and secure bank borrowings as further detailed in note 26(d). The deposits have a maturity period within one year and bear interest rate ranging from 0.2% to 1.85% (2023: 0.30%) per annum for the year ended 31 December 2024.

The carrying amount of the pledged bank deposits are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	**44,812**	355
HKD	**5**	100
Others	**42**	29
	44,859	484

21. LONG-TERM BANK DEPOSITS AND BANK BALANCES AND CASH

(a) Long-term bank deposits

The long-term bank deposits with maturity date on 28 June 2026 (2023: 28 June 2026) and carried fixed interest rate of 3.2% (2023: 3.2%) per annum.

(b) Bank balances and cash

	2024 RMB'000	2023 RMB'000
Cash on hand	146	180
Cash at banks	113,170	149,356
	113,316	149,536

The carrying amount of the bank balances and cash are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	92,385	147,985
HKD	20,778	1,376
USD	75	110
Others	78	65
	113,316	149,536

The conversion of RMB into foreign currencies for the purpose of dividends is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The effective interest rate on bank deposits is 0.2% (2023: 0.2%) per annum for the year ended 31 December 2024.

22. CONTRACT LIABILITIES

	2024 RMB'000	2023 RMB'000
Contract liabilities — third parties	**62,269**	32,908

Contract liabilities primarily consist of the advance from customers for further goods or services to be provided.

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2024 RMB'000	2023 RMB'000
As at 1 January	**32,908**	14,670
Recognised as revenue	**(29,681)**	(11,149)
Receipt in advances or recognition of receivables	**59,042**	29,387
As at 31 December	**62,269**	32,908

For the year ended 31 December 2024, the increase in contract liabilities was mainly due to the increase in receipt in advance as a result of the increase in prepaid online marketing services fee for the completion of live-streaming e-commerce activities after the end of the reporting period.

As at 31 December 2024, most of the contract liabilities are expected to be settled within next 12 months.

23. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares	Nominal value of ordinary shares HKD'000
Authorised:		
Ordinary shares of HKD0.01 each		
As at 1 January 2023, 31 December 2023, 1 January 2024 and **31 December 2024**	5,000,000,000	50,000

Ordinary shares of HKD0.01 each:

		Share capital		Treasury shares	
	Number of ordinary shares	Nominal value of ordinary shares HKD'000	Equivalent nominal value of ordinary shares RMB'000	Nominal value of ordinary shares HKD'000	Equivalent nominal value of ordinary shares RMB'000
Issued and fully paid					
Balance as at 1 January 2023	1,311,270,995	13,112	10,667	–	–
Issues of new shares for the Share Award Plan	79,570,168	796	696	–	–
Balance as at 31 December 2023 and 1 January 2024	1,390,841,163	13,908	11,363	–	–
Shares repurchased (Note (a))	(6,188,000)	(36)	(33)	(25)	(24)
Balance as at 31 December 2024	1,384,653,163	13,872	11,330	(25)	(24)
Shares repurchased but not cancelled					
Number of shares (Note (b))	2,550,000				
	1,387,203,163				

Notes:

a. During the year ended 31 December 2024, pursuant to the general mandate given to the directors of the Company, the Company repurchased a total of 6,188,000 of its shares on the Stock Exchange at a total consideration of HKD7,952,000 (approximately RMB7,364,000), in which 3,638,000 shares were cancelled. The nominal value of the cancelled shares of HKD36,000 (approximately RMB33,000) was credited to capital redemption reserve.

   The total consideration paid to repurchase these shares has been deducted from equity attributable to the owners of the Company.

b. As at 31 December 2024, there are repurchased shares that were not cancelled of 2,550,000 shares.

24. SHARE BASED PAYMENTS

(i) 2014 Share Award Plan

The Company adopted an existing share award plan (the "2014 Share Award Plan") on 24 March 2014. The 2014 Share Award Plan was approved to terminate by shareholders on 8 December 2022. A total of 1,386,000 shares of the Company were sold by the trustee. The net proceeds from disposal of shares held for 2014 Share Award Plan was RMB1,262,000 for the year ended 31 December 2023.

The 2014 Share Award Plan is administered by a trustee (the "2014 Share Award Plan Trustee"). The purposes of the 2014 Share Award Plan are to recognise and reward the contribution of certain selected participants to the growth and development of the Group, to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The board of directors shall notify the 2014 Share Award Plan Trustee in writing upon the making of an award to an eligible participant (the "Selected Participant") under the 2014 Share Award Plan. Upon the receipt of such notice, the 2014 Share Award Plan Trustee shall set aside the appropriate number of awarded shares pending the transfer and vesting of the same to the Selected Participant out of a pool of shares comprising the following:

(a) such shares as may be (1) transferred to the 2014 Share Award Plan Trustee from any person (other than the Group) by way of gift; or (2) purchased by the 2014 Share Award Plan Trustee by utilising the funds received by the 2014 Share Award Plan Trustee from any person (other than the Group) by way of gift;

(b) such shares as may be purchased by the 2014 Share Award Plan Trustee on the Stock Exchange by utilising the funds allocated by the board of directors out of the Group's resources;

(c) such shares as may be subscribed for at par value by the 2014 Share Award Plan Trustee by utilising the Group's resources; and

(d) such shares which remain unvested and revert to the 2014 Share Award Plan Trustee in accordance with the rules of the 2014 Share Award Plan.

Subject to the rules of the 2014 Share Award Plan, the legal and beneficial ownership of the relevant awarded shares shall vest in the relevant Selected Participant within ten business days after the latest of:

(a) the date specified on the notice of the award given by the board of directors to the 2014 Share Award Plan Trustee; and

(b) where applicable, the date on which the condition(s) or performance target(s) (if any) to be attained by such Selected Participant as specified in the related notice of award have been attained and notified to the 2014 Share Award Plan Trustee by the board of directors in writing.

On 1 April 2022, the board of directors has resolved to grant a total of 17,040,000 awarded shares, represent approximately 1.48% of the weighted average number of ordinary shares in issue, at nil consideration to eleven Selected Participants pursuant to the 2014 Share Award Plan. Such awarded shares were issued on 11 April 2022 and are held by the 2014 Share Award Plan Trustee.

24. SHARE BASED PAYMENTS *(continued)*

(i) 2014 Share Award Plan *(continued)*

Details of the granting of new awarded shares are set out in the Company's announcement dated 1 April 2022.

Movements of the Company's shares held by the 2014 Share Award Plan Trustee under the 2014 Share Award Plan during the year ended 31 December 2023 were as follows:

	Number of shares		
	Held by the 2014 Share Award Plan Trustee yet to be awarded	Held by the 2014 Share Award Plan Trustee for the grantees	Total held by the 2014 Share Award Plan Trustee
Balance as at 1 January 2023	–	3,408,000	3,408,000
Forfeited and disposed during the year	–	(1,386,000)	(1,386,000)
Transfer to grantees upon vesting during the year	–	(2,022,000)	(2,022,000)
Balance as at 31 December 2023	–	–	–

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. The fair value of awarded shares granted during the year ended 31 December 2022 was RMB1.53 per share.

(ii) 2022 Share Award Plan

On 8 December 2022, the Company adopted a new share award plan (the "2022 Share Award Plan") which is administered by another trustee (the "2022 Share Award Plan Trustee). The 2022 Share Award Plan, unless early terminated, will remain in force for 10 years until 7 December 2032.

The purposes of the 2022 Share Award Plan are to recognise and reward the contribution of certain selected participants to the growth and development of the Group to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The board of directors shall notify the 2022 Share Award Plan Trustee in writing upon the making of an award to the Selected Participant under the 2022 Share Award Plan. Upon the receipt of such notice, the 2022 Share Award Plan Trustee shall set aside the appropriate number of awarded shares pending the transfer and vesting of the same to the Selected Participant out of a share pool, into which the 2022 Share Award Plan Trustee may by, among other, utilising the trust fund of the trust to purchase the share on the Stock Exchange at the preventing market price, or off market or subscription (as the case analyse).

24. SHARE BASED PAYMENTS *(continued)*

(ii) 2022 Share Award Plan *(continued)*

Subject to the rules of the 2022 Share Award Plan, the legal and beneficial ownership of the relevant awarded shares shall vest in the relevant Selected Participant as soon as practicable after the latest of:

(i) the earliest date on which the 2022 Award Plan Trustee may vest the legal and beneficial ownership of the awarded shares in the relevant Selected Participant, which shall be a date not less than 12 months from the date of acceptance of the award by the relevant Selected Participant unless otherwise permitted under the Rules Governing the Listing of Securities on The Stock Exchange;

(ii) the receipt by the 2022 Share Award Plan Trustee of the requisite information and documents stipulated by the 2022 Share Award Plan Trustee; and

(iii) where applicable, the date on which the condition(s) or performance target(s) (if any) to be attained by such Selected Participant as specified in the related notice of award have been attained and notified to the 2022 Share Award Plan Trustee by the board of directors or the person(s) from time to time delegated by the board of directors with the power and authority to administer the 2022 Share Award Plan in writing.

On 10 January 2023, the Company granted 74,471,230 awarded shares to 68 Selected Participants, of which (i) 32,933,030 awarded shares granted to low to senior level employees of the Group; (ii) 1,200,000 awarded shares granted to a service provider; and (iii) 39,338,200 awarded shares and 1,000,000 awarded shares granted to Mr. Li Liang and Ms. Zhao Hui Li respectively, both are executive directors of the Company. The closing price on the date of grant is HKD1.88 (approximately RMB1.63) per share.

On 31 August 2023, the Company granted 5,411,330 awarded shares to 80 Selected Participants of which all awarded shares granted to low to senior level employees of the Group. The closing price on the date of grant is HKD1.48 (approximately RMB1.35) per share.

35,133,030 awarded shares, 39,338,200 awarded shares and 5,098,938 awarded shares were issued on 17 January 2023, 28 April 2023 and 14 September 2023 respectively pursuant to the 2022 Share Award Plan. The closing price on the date of issue is HKD1.88 (approximately RMB1.64), HKD2.02 (approximately RMB1.78) and HKD1.35 (approximately RMB1.24) per share respectively.

On 10 April 2024, the Company granted 15,169,920 awarded shares to 199 Selected Participants, of which (i) 8,569,920 awarded shares granted to 193 low to mid-level employees of the Group; and (ii) 6,600,000 awarded shares granted to 5 employees of the Group, who are senior level employees of various business and functional departments of the Group, and 1 senior manager of the Group. The closing price on the date of grant is HKD1.48 (approximately RMB1.34) per share.

On 10 October 2024, the Company granted 3,913,610 awarded shares to 103 Selected Participants, of which (i) 3,373,610 awarded shares granted to 99 employees of the Group; and (ii) 540,000 awarded shares granted to 4 employees of the Group, who are senior level employees of various business and functional departments of the Group. The closing price on the date of grant is HKD1.18 (approximately RMB1.07) per share.

24. SHARE BASED PAYMENTS *(continued)*

(ii) 2022 Share Award Plan *(continued)*

Details of the granting of new awarded shares are set out in the Company's announcements dated 10 January 2023, 31 August 2023, 10 April 2024 and 10 October 2024 and the Company's circular dated 7 February 2023.

Movements of the Company's shares held by the 2022 Share Award Plan Trustee under the 2022 Share Award Plan during the year are as follows:

	Number of shares		
	Held by the 2022 Share Award Plan Trustee yet to be awarded (note)	Held by the 2022 Share Award Plan Trustee for the grantees	Total held by the 2022 Share Award Plan Trustee
Balance as at 1 January 2023	–	–	–
Number of the Company's shares issued to the 2022 Share Award Plan Trustee under the 2022 Share Award Plan	79,570,168	–	79,570,168
Granted to grantees during the year	(79,882,560)	79,882,560	–
Forfeited during the year	312,392	(312,392)	–
Transfer to grantees upon vesting during the year	–	(19,007,680)	(19,007,680)
Balance as at 31 December 2023 and 1 January 2024	**–**	**60,562,488**	**60,562,488**
Granted to grantees during the year	**(19,083,530)**	**19,083,530**	**–**
Forfeited during the year	**1,373,354**	**(1,373,354)**	**–**
Transfer to grantees upon vesting during the year	**–**	**(30,300,484)**	**(30,300,484)**
Balance as at 31 December 2024	**(17,710,176)**	**47,972,180**	**30,262,004**

Note: As at 31 December 2024, the Company had a total of 17,710,176 outstanding unvested share awards granted under the 2022 Share Award Plan, all of which could be satisfied by either existing shares or new shares issued by the Company (by way of general mandate).

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. The weighted average fair value of awarded shares granted during the year ended 31 December 2024 was RMB1.29 (2023: RMB1.69) per share.

24. SHARE BASED PAYMENTS *(continued)*

(iii) Share-based payment expenses

The amounts of share-based payment expenses with a corresponding credit to reserve of the Group during the year are as follows:

	2024 RMB'000	2023 RMB'000
Share Award Plan		
— Employees (excluding directors of the Company)	**21,449**	48,133
— Directors of the Company (note 34)	**25,882**	34,156
— A service provider	**594**	1,424
	47,925	83,713

25. OTHER RESERVES

	Merger reserve RMB'000 (note a)	Translation reserve RMB'000 (note b)	Share award reserve RMB'000 (note c)	Capital reserve RMB'000 (note d)	Capital redemption reserve RMB'000 (note f)	Statutory reserve RMB'000 (note g)	Total RMB'000
Balance as at 1 January 2023	(70,612)	(4,945)	23,283	1,971	–	2,824	(47,479)
Employee share award — value of employee services	–	–	83,713	–	–	–	83,713
Issuance of new shares for the Share Award Plan	–	–	(696)	–	–	–	(696)
Transfer	–	–	–	–	–	7,500	7,500
Currency translation differences	–	1,043	–	–	–	–	1,043
Balance as at 31 December 2023	(70,612)	(3,902)	106,300	1,971	–	10,324	44,081
Balance as at 1 January 2024	**(70,612)**	**(3,902)**	**106,300**	**1,971**	**–**	**10,324**	**44,081**
Employee share award — value of employee services	**–**	**–**	**47,925**	**–**	**–**	**–**	**47,925**
Shares repurchased and cancelled	**–**	**–**	**–**	**–**	**33**	**–**	**33**
Currency translation differences	**–**	**(791)**	**–**	**–**	**–**	**–**	**(791)**
Balance as at 31 December 2024	**(70,612)**	**(4,693)**	**154,225**	**1,971**	**33**	**10,324**	**91,248**

25. OTHER RESERVES *(continued)*

Notes:

a. The merger reserve of the Group represents the difference between the nominal value of the shares of the Company, acquired pursuant to the Group reorganisation, over the nominal value of the Company's shares issued in exchange thereof.

b. The translation reserve has been set up and is dealt with in accordance with the accounting policies adopted for foreign currency translation as set out in note 2 to the consolidated financial statements.

c. The share award reserve comprises the fair value of share-based payment transactions and is dealt with in accordance with the accounting policies as set out in note 2 to the consolidated financial statements.

d. The capital reserve has been set up to deal with the changes in ownership interests in subsidiaries that do not result in a loss of control. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised in capital reserve.

e. Share premium represents the excess of the net proceeds or consideration from issuance of the Company's shares over their par value.

f. The capital redemption reserve has been set up in accordance with the provisions of the Companies Law of the Cayman Islands on repurchases and cancellations of the Company's shares.

g. According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regularities, to the statutory reserve until the reserve balance reached 50% of their registered capital.

   The transfer to this reserve must be made before distribution of a dividend to shareholders.

26. BANK AND OTHER BORROWINGS

	Notes	**2024 RMB'000**	2023 RMB'000
Bank borrowings, unsecured and guaranteed	(a)	**43,535**	20,483
Bank borrowings, secured and guaranteed	(b)	**12,000**	12,500
Bank borrowings, unsecured and unguaranteed	(c)	**34,654**	11,747
Bank borrowings, secured and unguaranteed	(d)	**42,833**	–
Other borrowings, unsecured and unguaranteed	(e)	**79,035**	89,158
		212,057	133,888
Non-current		**20,535**	35,644
Current		**191,522**	98,244
		212,057	133,888

26. BANK AND OTHER BORROWINGS *(continued)*

Notes:

(a) Bank borrowings, unsecured and guaranteed

The bank borrowings are unsecured, bear interest (i) at fixed rates ranging from 1.98% to 4.3% per annum; or (ii) at the prevailing interest rate of 台灣央行專案融通利率 plus 1.4% per annum (2023: (i) at fixed rates ranging from 3.55% to 4.3% per annum; or (ii) at the prevailing interest rate of 台灣央行專案融通利率 plus 1.4% per annum).

The bank borrowings of RMB535,000 (2023: RMB833,000) (denominated in New Taiwan dollar ("TWD")) are guaranteed by Mr. Lo and a director of a subsidiary and repayable in December 2026.

The bank borrowings of RMB15,000,000 (2023: RMB6,000,000) are guaranteed by non-controlling shareholders of a subsidiary, which are wholly repayable within one year.

The bank borrowings of RMB5,000,000 (2023: RMB3,650,000) are guaranteed by an independent third party, Beijing Guohua Culture & Technology Financing Guarantee Co., Ltd., a director of a subsidiary and his spouse, which are wholly repayable within one year.

The bank borrowings of RMB13,000,000 (2023: RMB10,000,000) are guaranteed by an independent third party, Beijing Zhongguancun Sci-Tech Financing Guaranty Co., Ltd., which are wholly repayable within one year.

The remaining bank borrowings of RMB10,000,000 (2023: RMBNil) are guaranteed by a subsidiary, which are wholly repayable within one year.

(b) Bank borrowings, secured and guaranteed

The bank borrowings bear interest at the prevailing interest rate of Loan Prime Rate ("LPR") in the PRC (2023: at the prevailing interest rate of LPR in the PRC).

The bank borrowings are secured by the buildings with carrying amount of RMB20,363,000 (2023: RMB22,847,000) and are guaranteed by an independent third party, Beijing Zhongguancun Sci-Tech Financing Guaranty Co., Ltd. (2023: the same). The bank borrowings are wholly repayable within one year.

(c) Bank borrowings, unsecured and unguaranteed

The bank borrowings are unsecured, bear interest at fixed rates ranging from 1.98% to 15.01% per annum (2023: at fixed rates ranging from 3.85% to 15.01% per annum).

As at 31 December 2024, amount of RMB24,654,000 (2023: RMB3,000,000) included in the balance are repayable within one year and classified as current liabilities. The remaining balance of RMB10,000,000 (2023: RMB8,747,000) is repayable during January 2026 to October 2026 (2023: June 2025 to October 2026).

(d) Bank borrowings, secured and unguaranteed

The bank borrowings are secured by the pledged bank deposits of RMB42,451,000, bear interest at a fixed rate of 4.8% per annum and are wholly repayable within one year.

(e) Other borrowings, unsecured and unguaranteed

The other borrowings are unsecured, bear interest (i) at rates ranging from 1.5% to 12% per annum; or (ii) at rates ranging from 2% to 3% per month (2023: at rates ranging from 1% to 12% per annum).

An amount of RMB8,843,000 (2023: RMB2,390,000) was repaid during the year and the repayment date of the remaining balance of RMB54,251,000 (2023: RMB50,910,000) has been extended to 31 December 2025.

The remaining other borrowings of RMB14,784,000 (2023: RMB16,064,000) (denominated in JPY) and RMB10,000,000 (2023: RMB10,000,000) (denominated in RMB) is repayable in June 2025 and January 2028 respectively.

26. BANK AND OTHER BORROWINGS *(continued)*

Notes: *(continued)*

(f) The scheduled repayment dates of the Group's bank and other borrowings, as set out in loan arrangements without considering the effect of any repayment on demand clause, are as follows:

	2024 **RMB'000**	2023 RMB'000
Repayable on demand or within 1 year	**191,522**	98,244
Repayable after 1 year but within 2 years	**10,535**	19,811
Repayable after 2 years but within 5 years	**10,000**	15,833
	212,057	133,888

(g) The exposure of the Group's bank and other borrowings to interest rate changes are as follows:

	2024 **RMB'000**	2023 RMB'000
Fixed interest rate	**189,522**	120,555
Variable interest rate	**22,535**	13,333
	212,057	133,888

(h) The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

	2024 **RMB'000**	2023 RMB'000
RMB	**196,738**	116,991
TWD	**535**	833
JPY	**14,784**	16,064
	212,057	133,888

27. TRADE AND OTHER PAYABLES

	Notes	2024 RMB'000	2023 RMB'000
Trade payables			
to third parties		82,684	93,501
to an associate		–	11,586
	(a)	82,684	105,087
Other payables			
Other taxes payables		11,681	15,784
Employee benefits payables		41,813	46,363
Due to an associate	(b)	–	623
Due to a director	(c)	–	2,668
Due to a related company/a shareholder	(d)	8,765	9,710
Accrual for professional service fees		1,900	1,850
Accrual for operating expenses		1,484	5,356
Interest payables		26,893	22,781
Loans from third parties	(e)	5,500	8,500
Others		6,518	4,991
		104,554	118,626
		187,238	223,713

27. TRADE AND OTHER PAYABLES *(continued)*

Notes:

(a) The credit period of trade payables is normally within 60 (2023: 60) days. The ageing analysis of the trade payables based on invoice date is as follows:

	2024 RMB'000	2023 RMB'000
Within 3 months	55,395	63,913
Over 3 months but within 6 months	3,641	18,233
Over 6 months but within 1 year	5,059	177
Over 1 year but within 2 years	11,672	5,346
Over 2 years but within 3 years	762	5,919
Over 3 years	6,155	11,499
	82,684	105,087

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2024 RMB'000	2023 RMB'000
RMB	82,355	104,642
USD	102	101
HKD	227	344
	82,684	105,087

(b) The amount due to Beijing Evertop was unsecured, interest-free and repayable on demand.

(c) As at 31 December 2023, the balance represented the amount due to Mr. Lo. During the year ended 31 December 2024, the balance was unsecured, bear interest at rate of 5.25% per annum (2023: the same) and wholly repaid.

(d) The balance represents the amount due to Cerulean Coast Limited ("Cerulean"), a company wholly-owned by Mr. Lo. As at 31 December 2024, the balance is unsecured, bears interest at rate of 5.25% per annum (2023: the same) and repayable on demand.

(e) The loans are unsecured, interest-free and repayable within one year.

28. DEFERRED INCOME TAX

The following is the analysis of the deferred tax balances for financial reporting purposes:

	2024 RMB'000	2023 RMB'000
Deferred tax assets	**6,906**	11,776
Deferred tax liabilities	**(2,753)**	(2,753)
	4,153	9,023

The following is the deferred tax assets (liabilities) recognised by the Group and movements thereon during the year.

	Timing difference arising from share based payment expenses RMB'000	Fair value surplus arising from acquisition of subsidiaries RMB'000	Total RMB'000
As at 1 January 2023	–	–	–
Additions — business combination	–	(2,753)	(2,753)
Credited to consolidated profit or loss	11,776	–	11,776
As at 31 December 2023	11,776	(2,753)	9,023
As at 1 January 2024	**11,776**	**(2,753)**	**9,023**
Charged to consolidated profit or loss (note 10)	**(4,870)**	**–**	**(4,870)**
As at 31 December 2024	**6,906**	**(2,753)**	**4,153**

As at 31 December 2024, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside the PRC, for which no deferred income tax liability had been provided, were approximately RMB263,922,000 (2023: RMB167,026,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to a foreign investor in the foreseeable future based on management's estimation of overseas funding requirements.

28. DEFERRED INCOME TAX *(continued)*

Unrecognised deferred income tax assets arising from

	2024 RMB'000	2023 RMB'000
Before multiplied by the applicable tax rates:		
Deductible temporary differences	**124,305**	121,121
Tax losses	**169,581**	178,213
	293,886	299,334

No deferred income tax asset has been recognised in respect of these items due to the unpredictability of future profit streams. No deductible temporary differences expire under current tax legislation. The expiry dates of unrecognised tax losses are as follows:

	2024 RMB'000	2023 RMB'000
Tax losses expiring on 31 December 2024	**–**	36,233
Tax losses expiring on 31 December 2025	**9,076**	9,076
Tax losses expiring on 31 December 2026	**1,497**	1,497
Tax losses expiring on 31 December 2027	**19,041**	19,041
Tax losses expiring on 31 December 2028	**13,092**	14,194
Tax losses expiring on 31 December 2029	**26,854**	–
Tax loss without expiry date	**100,021**	98,172
	169,581	178,213

29. DIVIDENDS

The directors of the Company do not recommend payment of any final dividend for the year ended 31 December 2024 (2023: Nil).

30. FINANCIAL INSTRUMENTS BY CATEGORY

	At Amortised cost RMB'000
As at 31 December 2024	
Assets as per consolidated statement of financial position	
Long-term bank deposits	10,000
Trade and other receivables excluding other tax receivables	282,606
Bank balances and cash	113,316
Pledged bank deposits	44,859
	450,781

	Other financial liabilities at amortised cost RMB'000
Liabilities as per consolidated statement of financial position	
Bank and other borrowings	212,507
Trade and other payables excluding non-financial liabilities	133,744
Lease liabilities	26,510
	372,311

30. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

	At Amortised cost RMB'000	Financial assets at FVPL RMB'000	Total RMB'000
As at 31 December 2023			
Assets as per consolidated statement of financial position			
Long-term bank deposits	10,000	–	10,000
Trade and other receivables	264,502	17,325	281,827
Bank balances and cash	149,536	–	149,536
Pledged bank deposits	484	–	484
	424,522	17,325	441,847

	Other financial liabilities at amortised cost RMB'000
Liabilities as per consolidated statement of financial position	
Bank and other borrowings	133,888
Trade and other payables excluding non-financial liabilities	161,566
Lease liabilities	26,567
	322,021

31. OTHER CASH FLOW INFORMATION

(a) Reconciliation of profit before income tax to cash generated from operations:

	2024 RMB'000	2023 RMB'000
Profit before income tax	**101,516**	139,519
Adjustments for:		
— Amortisation of intangible assets (note 15)	**8,930**	7,625
— (Reversal of loss allowance) Loss allowance on trade receivables (note 3.1(b)(ii))	**(2,832)**	6,833
— Reversal of loss allowance on other receivables	**–**	(1,800)
— Loss on early termination of lease	**144**	–
— Written off of property, plant and equipment	**67**	224
— Write-down of inventories (note 18)	**7,440**	6,972
— Depreciation of property, plant and equipment (note 13)	**9,606**	8,254
— Depreciation of right-of-use assets (note 16)	**20,855**	14,657
— Interest income (note 9)	**(3,657)**	(1,133)
— Interest expenses (note 9)	**12,876**	14,247
— Fair value change in contingent consideration receivable (note 17(iii))	**1,823**	(17,352)
— Share-based compensation expenses (note 24)	**47,925**	83,713
— Share of results of an associate (note 12)	**(2,847)**	(7,074)
	201,846	254,685
Changes in working capital:		
— Inventories	**5,134**	(9,405)
— Trade and other receivables	**(181,116)**	(60,765)
— Trade and other payables	**(11,226)**	26,160
Cash generated from operations	**14,638**	210,675

31. OTHER CASH FLOW INFORMATION *(continued)*

(b) Changes in liabilities arising from financing activities:

	Lease liabilities RMB'000 (note 16)	Bank and other borrowings RMB'000 (note 26)	Total RMB'000
As at 1 January 2023	15,905	126,824	142,729
New leases	29,686	–	29,686
Cash flows:			
Repayment of lease liabilities	(17,018)	–	(17,018)
Proceeds from bank and other borrowings	–	63,081	63,081
Repayments of bank and other borrowings	–	(55,328)	(55,328)
	(17,018)	7,753	(9,265)
Exchange realignments	4	(689)	(685)
Other changes:			
Lease modification	(2,010)	–	(2,010)
	(2,010)	–	(2,010)
As at 31 December 2023	26,567	133,888	160,455

	Lease liabilities RMB'000 (note 16)	**Bank and other borrowings RMB'000 (note 26)**	**Total RMB'000**
As at 1 January 2024	**26,567**	**133,888**	**160,455**
New leases	**25,989**	**–**	**25,989**
Cash flows:			
Repayment of lease liabilities	**(19,248)**	**–**	**(19,248)**
Proceeds from bank and other borrowings	**–**	**103,468**	**103,468**
Repayments of bank and other borrowings	**–**	**(23,421)**	**(23,421)**
	(19,248)	**80,047**	**60,799**
Exchange realignments	**126**	**(1,878)**	**(1,752)**
Other changes:			
Early termination of lease	**(6,924)**	**–**	**(6,924)**
	(6,924)	**–**	**(6,924)**
As at 31 December 2024	**26,510**	**212,057**	**238,567**

32. RELATED PARTY TRANSACTIONS

(a) Key management compensation

Key management includes directors. The compensation paid or payable to key management for employee services is shown as follows:

	2024 RMB'000	2023 RMB'000
Salaries, bonus and other allowances	**4,710**	4,580
Contributions to defined contribution plans	**305**	303
Share based payment expenses (notes 24 and 34)	**25,882**	34,156
	30,897	39,039

Note: These were connected/continuing connected transactions which are fully exempted under Rule 14A.95 of the Listing Rules.

(b) In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related parties:

Related parties relationship	Nature of transactions	Notes	2024 RMB'000	2023 RMB'000
A director	Interest expenses	(i), (iv)	**684**	534
A related company/a shareholder	Interest expenses	(ii), (iv)	**460**	514
Related companies	Service fee income	(iii), (v)	**(593)**	(2,065)

Notes:

(i) The interest expenses were paid/payable to Mr. Lo.

(ii) The interest expenses were paid/payable to Cerulean.

(iii) Mr. Li Jun and Mr. Li Liang have direct/indirect beneficial interest in those related companies.

(iv) These were connected/continuing connected transactions which are fully exempted under Rule 14A.90 of the Listing Rules.

(v) These were connected/continuing connected transactions which are fully exempted under Rule 14A.76 of the Listing Rules.

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY

(a) Statement of financial position of the Company

	Notes	2024 RMB'000	2023 RMB'000
Assets			
Non-current assets			
Investments in subsidiaries		**164,797**	132,788
Due from subsidiaries		**–**	5,485
		164,797	138,273
Current assets			
Due from subsidiaries	33(c)	**22,316**	11,707
Other receivables		**1,966**	67
Cash and cash equivalents		**612**	988
		24,894	12,762
Total assets		**189,691**	151,035
Equity and liabilities			
Equity			
Share capital	23	**11,330**	11,363
Treasury shares	23	**(24)**	–
Share premium	33(b)	**322,966**	330,273
Share award reserve	33(b)	**154,225**	106,300
Capital redemption reserve	33(b)	**33**	–
Translation reserve	33(b)	**(73)**	(86)
Accumulated losses	33(b)	**(305,788)**	(299,120)
Total equity		**182,669**	148,730
Liabilities			
Current liabilities			
Due to subsidiaries	33(c)	**3,376**	–
Other payables		**3,646**	2,305
		7,022	2,305
Total equity and liabilities		**189,691**	151,035

This statement of financial position was approved and authorised for issue by the Board of Directors on 27 March 2025 and signed on its behalf by

Li Jun	**Li Liang**
Chairman	*Executive director*

33. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY *(continued)*

(b) Reserve movements of the Company

	Share premium RMB'000	Share award reserve RMB'000	Capital redemption reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000
Balance at 1 January 2023	330,273	23,422	–	(86)	(294,109)
Loss and total comprehensive loss for the year	–	–	–	–	(5,011)
Transaction with owners:					
Contributions and distribution					
Issuance of new shares for the Share Award Plan	–	(835)	–	–	–
Employee share award — value of employee services	–	83,713	–	–	–
	–	82,878	–	–	–
Balance as at 31 December 2023	330,273	106,300	–	(86)	(299,120)
Balance at 1 January 2024	**330,273**	**106,300**	**–**	**(86)**	**(299,120)**
Loss for the year	**–**	**–**	**–**	**–**	**(6,668)**
Other comprehensive income for the year	**–**	**–**	**–**	**13**	**–**
Total comprehensive loss for the year	**–**	**–**	**–**	**13**	**(6,668)**
Transaction with owners:					
Shares repurchased and cancelled	**(4,585)**	**–**	**33**	**–**	**–**
Share repurchased but not cancelled	**(2,722)**	**–**	**–**	**–**	**–**
Employee share award — value of employee services	**–**	**47,925**	**–**	**–**	**–**
	(7,307)	**47,925**	**33**	**–**	**–**
Balance as at 31 December 2024	**322,966**	**154,225**	**33**	**(73)**	**(305,788)**

(c) Due from (to) subsidiaries

The amounts due are unsecured, non-interest bearing and repayable on demand.

34. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments paid or payable to the directors and chief executive of the Company by the Group during the year were as follows:

Year ended 31 December 2024

Name	Fees RMB'000	Salaries, housing allowances, other allowances and benefits in kind RMB'000	Discretionary bonus RMB'000	Contribution to defined contribution plans RMB'000	Share based payment RMB'000	Total RMB'000
Chairman and executive director						
Mr. Li Jun	–	1,111	–	–	–	1,111
Chief executive officer and executive director						
Mr. Li Liang	–	926	–	160	25,448	26,534
Executive directors						
Mr. Lo Chi Sum	–	980	–	14	–	994
Ms. Zhao Hui Li	–	1,111	–	131	434	1,676
Independent non-executive directors						
Mr. Ma Zhan Kai	–	194	–	–	–	194
Mr. Kong Hua Wei	–	194	–	–	–	194
Dr. Yu Guo Jie	–	194	–	–	–	194
	–	4,710	–	305	25,882	30,897

34. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(a) Directors' emoluments *(continued)*

Year ended 31 December 2023

Name	Fees RMB'000	Salaries, housing allowances, other allowances and benefits in kind RMB'000	Discretionary bonus RMB'000	Contribution to defined contribution plans RMB'000	Share based payment RMB'000	Total RMB'000
Chairman and executive director						
Mr. Li Jun	–	1,094	–	–	–	1,094
Chief executive officer and executive director						
Mr. Lo Chi Sum	–	953	–	16	–	969
Executive directors						
Mr. Li Liang	–	912	–	152	33,026	34,090
Ms. Zhao Hui Li	–	1,048	–	135	1,130	2,313
Independent non-executive directors						
Mr. Cui Xiao Bo	–	175	–	–	–	175
Mr. Ma Zhan Kai	–	191	–	–	–	191
Mr. Kong Hua Wei	–	16	–	–	–	16
Dr. Yu Guo Jie	–	191	–	–	–	191
	–	4,580	–	303	34,156	39,039

(i) Mr. Lo Chi Sum was resigned as the chairman of the Board with effect from 19 June 2023 and resigned as the chief executive officer with effective from 5 December 2024.

(ii) Mr. Li Jun was appointed as the chairman of the Board with effect from 19 June 2023.

(iii) Mr. Cui Xiao Bo was resigned as independent non-executive director with effect from 1 December 2023.

(iv) Mr. Kong Hua Wei was appointed as independent non-executive director with effect from 1 December 2023.

(v) Mr. Li Liang was appointed as the chief executive officer with effect from 5 December 2024.

No emoluments were paid or payable by the Group to directors or past directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the years ended 31 December 2024 and 2023.

34. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(b) Directors' material interests in transactions, arrangements or contracts

Saved as disclosed in note 32 to the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2024 and 2023.

35. SUBSIDIARIES

Name of subsidiaries	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Effective equity interests held
Directly owned:				
Century Sage Scientific International Limited	BVI, limited liability company	Investment holding company, Hong Kong	10,000 ordinary shares of USD1 each	100%
Yijiang Information Technology Co., Limited	BVI, limited liability company	Investment holding company, Hong Kong	50,000 ordinary shares of USD1 each	100%
Directly owned:				
北京世紀睿科系統技術有限公司 (Beijing Century Sage Scientific System and Technology Company Limited *)	The PRC, limited liability company	TV broadcast application solutions industry, the PRC	Registered capital of RMB20,000,000	100%
時代華睿(北京)科技有限公司 (Times Sage (Beijing) Tech Company Limited *)	The PRC, limited liability company	TV broadcast application solutions industry, the PRC	Registered capital of RMB30,000,000	100%
Evertop Technology (Int'l) Limited	Hong Kong, limited liability company	TV broadcast application solutions industry, Hong Kong	2 ordinary shares of HKD2	100%
台灣世紀睿科有限公司 (Century Sage Scientific (Taiwan) Limited)	Taiwan, limited liability company	TV broadcast application solutions industry, Taiwan	TWD10,000	51%
北京格非科技股份有限公司 (Beijing Gefei Technology Co., Limited *) (note (i))	The PRC, limited liability company	Development and production of core technology equipment systems for the production and processing of radio and television media, the PRC	Registered capital of RMB15,800,000	49%
交個朋友優選科技有限公司 Be Friends Preferred Technology Co., Ltd.*	The PRC, limited liability company	Provision of new media service, the PRC	Registered capital of RMB50,000,000	100%

35. SUBSIDIARIES *(continued)*

Name of subsidiaries	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Effective equity interests held
Indirectly owned: *(continued)*				
杭州聚火互動文化傳播有限公司 (Hangzhou Juhuo Interactive Culture Communication Co., Ltd. *) ("Hangzhou Juhuo")	The PRC, limited liability company	Provision of new media service, the PRC	Registered capital of RMB10,000,000	52%
杭州交個朋友智慧科技有限公司 (Hangzhou Be Friends Wisdom Technology Co., Ltd. *)	The PRC, limited liability company	Provision of new media service, the PRC	Registered capital of RMB1,000,000	100%
杭州易匠未來智慧科技有限公司 (Hangzhou Yijiang Future Wisdom Technology Co., Ltd. *)	The PRC, limited liability company	Provision of new media service, the PRC	Registered capital of RMB1,000,000	100%
北京交個朋友數碼科技有限公司 (Beijing Be Friends Digital Technology Company Limited *)	The PRC, limited liability company	Provision of new media service, the PRC	Registered capital of RMB1,000,000	100%

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, materially contribute to the results of the Group or hold a material portion of the assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Unless stated otherwise, the percentage of equity interests held by the Company for the years ended 31 December 2024 and 2023 are the same.

None of the subsidiaries had issued any debt securities during the year.

* The official names are in Chinese and the English names are translated for identification purpose only.

Note:

(i) As mentioned in note 4.2(a), Beijing Gefei is classified as a subsidiary of the Group followed by execution of the Voting Rights Arrangement since 31 August 2020. The financial position and results of Beijing Gefei have been consolidated into the consolidated financial statements of the Group since 31 August 2020.

Financial information of subsidiaries with individually material non-controlling interest

Set out below are the summarised financial information for Beijing Gefei and Hangzhou Juhuo and its subsidiaries (collectively referred to as "Hangzhou Juhuo Group") of which non-controlling interests are material to the Group. The summarised financial information represents amounts before inter-company eliminations since acquisition.

35. SUBSIDIARIES *(continued)*

Financial information of subsidiaries with individually material non-controlling interest *(continued)*

Summarised statement of financial position

	Beijing Gefei	
	2024	2023
At 31 December		
Proportion of non-controlling interests' ownership interests	**51%**	51%

	2024 RMB'000	2023 RMB'000
Current assets	**103,086**	90,485
Current liabilities	**(88,139)**	(66,338)
Net current assets	**14,947**	24,147
Non-current assets	**266**	311
Non-current liabilities	**(20,000)**	(18,747)
	(19,734)	(18,436)
Net (liabilities) assets	**(4,787)**	5,711
Carrying amount of non-controlling interests	**(2,441)**	2,912

Summarised statement of profit or loss

	Beijing Gefei	
	2024 RMB'000	2023 RMB'000
Revenue	**38,853**	35,412
Loss before income tax	**(10,497)**	(4,725)
Income tax credit	**–**	1,152
Loss and total comprehensive loss	**(10,497)**	(3,573)
Loss attributable to non-controlling interests	**(5,353)**	(1,823)
Dividend paid to non-controlling interests	**–**	–

35. SUBSIDIARIES *(continued)*

Financial information of subsidiaries with individually material non-controlling interest *(continued)*

Summarised cash flows

	Beijing Gefei	
	2024 **RMB'000**	2023 RMB'000
Operating activities		
Cash used in operations	**(6,379)**	(11,215)
Income tax paid	**–**	–
Net cash used in operating activities	**(6,379)**	(11,215)
Net cash used in investing activities	**–**	(12)
Net cash from financing activities	**17,078**	11,760
Net increase in cash and cash equivalents	**10,699**	533
Cash and cash equivalents at beginning of the year	**604**	71
Cash and cash equivalents at end of year	**11,303**	604

Summarised statement of financial position

	Hangzhou Juhuo Group	
	2024	2023
At 31 December		
Proportion of non-controlling interests' ownership interests	**48%**	48%

	2024 **RMB'000**	2023 RMB'000
Current assets	**19,140**	30,560
Current liabilities	**(1,151)**	(4,194)
Net current assets	**17,989**	26,366
Non-current assets	**107**	150
Net assets	**18,096**	26,516
Carrying amount of non-controlling interests (note)	**(2,463)**	1,579

Note: The Group had injected RMB13,000,000 and RMB10,000,000 during the year ended 31 December 2021 and year ended 31 December 2022 respectively, while non-controlling interests did not inject any additional capital. The non-controlling interests are not entitled to the excess contribution made by the Group in total of approximately RMB23,000,000 (2023: RMB23,000,000) in accordance with agreements entered into between the shareholders.

35. SUBSIDIARIES *(continued)*

Financial information of subsidiaries with individually material non-controlling interest *(continued)*

Summarised statement of profit or loss

	Hangzhou Juhuo Group	
	2024 RMB'000	2023 RMB'000
Revenue	**11,178**	29,936
Loss before income tax	**(8,420)**	(6,920)
Income tax credits	**–**	–
Loss and total comprehensive loss	**(8,420)**	(6,920)
Loss attributable to non-controlling interests	**(4,042)**	(3,322)
Dividend paid to non-controlling interests	**–**	–

Summarised cash flows

	Hangzhou Juhuo Group	
	2024 RMB'000	2023 RMB'000
Operating activities		
Cash used in operations	**(13,284)**	(5,504)
Income tax paid	**–**	–
Net cash used in operating activities	**(13,284)**	(5,504)
Net cash used in investing activities	**(3)**	(100)
Net cash from financing activities	**660**	–
Net decrease in cash and cash equivalents	**(12,627)**	(5,604)
Cash and cash equivalents at beginning of the year	**14,366**	19,970
Cash and cash equivalents at end of year	**1,739**	14,366

FIVE YEARS' FINANCIAL SUMMARY

A five years' financial summary of the results and of the assets and liabilities of the Group is set out below. This summary is extracted from the audited consolidated financial statements of respective years and does not form part of the audited consolidated financial statements.

	Year Ended 31 December				
	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000	2020 RMB'000
Results					
Revenue	**1,250,504**	1,074,335	425,606	202,788	153,306
Cost of sales	**(643,760)**	(507,425)	(227,358)	(138,451)	(97,455)
Gross profit	**606,744**	566,910	198,248	64,337	55,851
Selling expenses	**(319,259)**	(261,678)	(70,860)	(10,929)	(10,922)
Administrative expenses	**(192,531)**	(173,646)	(107,847)	(76,172)	(68,072)
Reversal of loss allowance (Loss allowance) on trade receivables	**2,832**	(6,833)	(92)	(6,124)	(21,767)
Reversal of loss allowance (Loss allowance) on other receivables	**–**	1,800	(1,800)	–	–
Write-down of inventories	**(7,440)**	(6,972)	(8,452)	(4,006)	(11,487)
Change in fair value of contingent consideration receivable	**(1,823)**	17,325	–	(17,755)	–
Impairment loss on goodwill	**–**	–	–	(7,128)	(13,884)
Impairment loss on intangible assets	**–**	–	–	–	(5,249)
Impairment loss on interest in an associate	**–**	–	–	(1,800)	–
Other gains (losses), net	**18,378**	8,875	(3,813)	4,228	6,611
Operating profit (loss)	**106,901**	145,781	5,384	(55,349)	(68,919)
Finance costs, net	**(8,232)**	(13,336)	(11,590)	(16,247)	(14,624)
Share of results of associates	**2,847**	7,074	150	(638)	(16,115)
Profit (Loss) before income tax	**101,516**	139,519	(6,056)	(72,234)	(99,658)
Income tax (expense) credit	**(29,286)**	(25,548)	(10,335)	3,510	1,701
Profit (Loss) for the year	**72,230**	113,971	(16,391)	(68,724)	(97,957)
Earnings (Loss) Per Share (RMB cents per share)					
Basic earnings (loss) per share	**6.07**	9.05	(0.80)	(5.83)	(9.37)
Diluted earnings (loss) per share	**5.93**	8.65	(0.80)	(5.83)	(9.37)
Assets and Liabilities					
Total Assets	**923,924**	754,587	446,906	422,681	498,642
Total Liabilities	**510,214**	452,877	343,923	334,287	392,856
Total Equity	**413,710**	301,710	102,983	88,394	105,786