

# 2024

INTERIM 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: 1450

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## CORPORATE INFORMATION

### Board of Directors

#### Executive Directors

Mr. Li Jun (*Chairman*)  
Mr. Lo Chi Sum  
Mr. Li Liang  
Ms. Zhao Hui Li

#### Independent non-executive Directors

Mr. Ma Zhan Kai  
Dr. Yu Guo Jie  
Mr. Kong Hua Wei

#### Authorised Representatives

Ms. Zhao Hui Li  
Ms. Chan Sze Ting

#### 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. Lo Chi Sum (*Chairman*)  
Ms. Zhao Hui Li  
Mr. Ma Zhan Kai

#### Company Secretary

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

#### 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

Mazars CPA Limited

#### 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

www.befriends.com.cn  
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## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

The continued growth of the performance further demonstrated that the strategic tone of steady progress of Be Friends Holding Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**” or “**We**”) is correct and sustainable. During the six months ended 30 June 2024 (the “**Interim Period**”), the Group recorded revenue of approximately RMB622.1 million, representing an increase of approximately 43.8% from approximately RMB432.7 million for the six months ended 30 June 2023 (“**the Corresponding Period of the Previous Year**”), and net profit of approximately RMB83.8 million, representing an increase of approximately 93.8% from approximately RMB43.3 million for the Corresponding Period of the Previous Year. Furthermore, the Group recorded a non-Hong Kong Financial Reporting Standards adjusted net profit\* of approximately RMB110.7 million for the Interim Period, representing an increase of approximately 17.0% over the Corresponding Period of the Previous Year.

During the Interim Period, the Group achieved a gross merchandise volume (GMV) of approximately RMB5.96 billion on the new media platform, representing an increase of approximately 18.2% as compared to the Corresponding Period of the Previous Year, and remained strong in occupying the top spot in live-streaming e-commerce industry. The number of live-streaming channels independently owned and operated by the Group exceeded 50, which is one of the largest number of live-streaming channels in the new media business area, with a total live-streaming fan base exceeding 68 million, reflecting the Group’s valuable operational experience, methodology and data capabilities in the field of live-streaming e-commerce, and demonstrating the successful practice of our standardized and replicable “matrix live-streaming channel” operation model.

In the field of new media services, we have developed step-by-step from a fledgling explorer to a trend-setting navigator, and we have not only witnessed the rapid development of the live-streaming e-commerce industry, but also always uphold a sense of mission to continuously innovate in the industry’s ever-changing trend of development.

- We are always committed to building a long-term trust environment for merchants and consumers, creating a shopping channel that satisfies merchants and makes consumers comfortable, and becoming a trustworthy friend of our partners.
- We constantly deepen our efforts in the product selection and supply chain, striving to discover and promote high-quality goods, and delivering products to consumers with good prices, quality service and bottom-line thinking.
- Our self-developed “Friends Cloud” platform has already provided stable and efficient operation support for over 50 live-streaming channels, realizing end-to-end management of the entire chain from merchant recruitment, intelligent product selection, compliance audit, goods management to financial settlement, which has greatly improved the efficiency and standardization of the live-streaming retail business.

\* For details of the adjusted net profit calculated by non-HKFRS measures, please refer to the paragraph headed “Reconciliation of Non-HKFRS Measures to the Nearest HKFRS Measures” in this report.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Business Review *(continued)*

- The Group has formally set up a team to initiate the research and development of artificial intelligence (“AI”) live-streaming project during the Interim Period. The goal of our AI live-streaming project is to realize full-scene decision-making by AI system in the field of live-streaming e-commerce, including product selection decision-making, data analysis, traffic placement decision-making, and data review, etc., so as to ensure that the entire operation process is highly efficient and intelligent. Up to now, our AI live-streaming project has initially completed the development of the main modules and begun the initial training of the operational decision model.

The Group’s strategic layout of new media services business has passed the fourth year, “Be Friends” has become a popular brand in the field of new media, and it is not restricted by individual IP. We believe that only a live-streaming e-commerce organization with values and without personal influence will be able to progress steadily. During the Interim Period, we set up the “Be Friends Industry Research Institute” which were included in the “Specialized, Sophisticated and New Enterprises Cultivation Plan for Improving Quality and Efficiency in Zhejiang Province” (浙江省專精特新企業提質增效培育計劃) as a think-tank. In addition, we were awarded the “Best MCN Organization of the Year” (年度最佳MCN機構) by Douyin E-commerce for our outstanding performance and contribution in the field of e-commerce live-streaming.

In the television broadcasting business segment, we understand that the research and development of new technologies and product iterations are the key to the continuous development of the television broadcasting business, as well as a breakthrough in the fierce changes in the traditional broadcasting industry. Therefore, while steadily developing our television broadcasting business, we have continued to invest in research and development, responded to the government’s policy of supporting the localization of scientific and technological achievements, and persisted in accumulating self-developed products in the field of communication and transmission. Relying on our strong technical strength, rich industry experience and sales channels, our television broadcasting business segment remains in a relatively leading position in the industry.

### 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, and even more and more small and medium-sized industry players will exit the live-streaming e-commerce industry, which will also bring about an increase in the concentration of the industry. This is both equally challenging and a great opportunity for us. We will be more determined to build a healthy and sustainable new retail ecosystem, so that every user can enjoy a more convenient and pleasant shopping experience. We will also adhere to technological innovation, deepen digitalization, enhance the supply chain management experience and improve the Company’s overall operational efficiency through technological upgrades and AI drive. Meanwhile, we will also actively explore opportunities in overseas markets.

On 8 July 2024, the Group announced that it plans to use its own funds of up to HK\$30 million to repurchase shares of the Company in the open market from time to time. This share repurchase plan will be actively implemented in accordance with market conditions, aiming to optimize the capital structure of the Group and enhance investors’ confidence in the long-term value of the Group.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Financial Review

#### Revenue

For the six months ended 30 June 2024 and 2023, the revenue of the Group was approximately RMB622.1 million and RMB432.7 million respectively, representing an increase of approximately 43.8%. The table below sets out the Group's segment revenue for the six months ended 30 June 2024 and 2023 respectively:

	For the six months ended 30 June			
	2024		2023	
	RMB'000 (Unaudited)	% of total revenue	RMB'000 (Unaudited) (Represented**)	% of total revenue
<b>Segment revenue</b>				
New media services	563,645	90.6%	391,711	90.5%
Television broadcasting business	58,418	9.4%	40,969	9.5%
<b>Total</b>	<b>622,063</b>	<b>100.0%</b>	<b>432,680</b>	<b>100.0%</b>

#### *New media services*

During the Interim Period, the Group's new media services segment continued to experience rapid growth. Through professional and vertical matrix live-streaming channels, we can satisfy the diversified demands of consumers and increase the efficiency of user reach and transactions. Revenue generated from the Group's new media services segment amounted to approximately RMB563.6 million, representing an increase of approximately 43.9% as compared to approximately RMB391.7 million for the Corresponding Period of the Previous Year. Such revenue represented approximately 90.6% and 90.5% of the total revenue of the Group for the Interim Period and the Corresponding Period of the Previous Year, respectively.

#### *Television broadcasting business*

During the Interim Period, with the impact of the pandemic gradually fading, our main customer base, including CCTV and other TV stations, is seeing an increase in new projects. While the annual budgets of our clients are improving, the revenue generated from the Group's television broadcasting business segment increased from approximately RMB41.0 million for the Corresponding Period of the Previous Year to approximately RMB58.4 million for the Interim Period, representing an increase of approximately 42.6%. Such revenue represented approximately 9.4% and 9.5% of the total revenue of the Group for the Interim Period and the Corresponding Period of the Previous Year, respectively.

\*\* The comparative segment information has been represented to reflect the change of the reporting segments of the Group. Please refer to Note 4 to the Condensed Consolidated Interim Financial Information for the six months ended 30 June 2024 as set out in this report.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Financial Review *(continued)*

#### Cost of sales

For the six months ended 30 June 2024 and 2023, the Group's cost of sales was approximately RMB301.5 million and RMB188.3 million respectively, representing an increase of approximately 60.1%. The following table sets forth the cost of sales for each segment for the six months ended 30 June 2024 and 2023 respectively:

	For the six months ended 30 June			
	2024		2023	
	RMB'000 (Unaudited)	% of total cost	RMB'000 (Unaudited) (Represented**)	% of total cost
<b>Segment cost of sales</b>				
New media services	260,459	86.4%	164,143	87.2%
Television broadcasting business	41,006	13.6%	24,176	12.8%
<b>Total</b>	<b>301,465</b>	<b>100.0%</b>	188,319	100.0%

#### *New media services*

The cost of sales for the new media services segment of the Group amounted to approximately RMB260.5 million, representing an increase of approximately 58.7% as compared to approximately RMB164.1 million for the Corresponding Period of the Previous Year, which was primarily due to the significant increase in revenue of the Group's new media services segment during the Interim Period which in turn, significantly increased the cost of sales of the new media services segment.

#### *Television broadcasting business*

The cost of sales for the television broadcasting business segment of the Group increased from approximately RMB24.2 million for the Corresponding Period of the Previous Year to approximately RMB41.0 million for the Interim Period, representing an increase of approximately 69.6%, which was primarily due to business growth, as well as the increase in equipment procurement costs, independent research and development costs, and large-scale integration project costs, which are affected by the factors including the market conditions, exchange rates, technology and labor costs.

\*\* The comparative segment information has been represented to reflect the change of the reporting segments of the Group. Please refer to Note 4 to the Condensed Consolidated Interim Financial Information for the six months ended 30 June 2024 as set out in this report.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Financial Review *(continued)*

#### Gross profit and gross profit margin

For the six months ended 30 June 2024 and 2023, the Group's gross profit was approximately RMB320.6 million and RMB244.4 million respectively, representing an increase of approximately 31.2%. The Group's gross profit margin decreased from approximately 56.5% for the Corresponding Period of the Previous Year to approximately 51.5% for the Interim Period. The following table sets forth the gross profit and gross profit margin of each of the Group's segments during the periods:

	For the six months ended 30 June			
	2024		2023	
	RMB'000 (Unaudited)	Gross profit margin	RMB'000 (Unaudited) (Represented <sup>**</sup> )	Gross profit margin
<b>Segment gross profit and gross profit margin</b>				
New media services	303,186	53.8%	227,568	58.1%
Television broadcasting business	17,412	29.8%	16,793	41.0%
<b>Total</b>	<b>320,598</b>	<b>51.5%</b>	244,361	56.5%

#### *New media services*

The gross profit margin of the new media services segment of the Group decreased from approximately 58.1% for the Corresponding Period of the Previous Year to approximately 53.8% for the Interim Period. Such change was within a reasonable range in its normal operation.

#### *Television broadcasting business*

The gross profit margin of the television broadcasting business segment of the Group decreased from approximately 41.0% for the Corresponding Period of the Previous Year to approximately 29.8% for the Interim Period. This was primarily due to the influence of multiple factors, including market conditions, exchange rates, technology and labor costs, the cost increase rate was higher than the revenue growth rate, resulting in a decline in the gross profit margin.

<sup>\*\*</sup> The comparative segment information has been represented to reflect the change of the reporting segments of the Group. Please refer to Note 4 to the Condensed Consolidated Interim Financial Information for the six months ended 30 June 2024 as set out in this report.



## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Financial Review *(continued)*

#### Selling expenses

The selling expenses for the six months ended 30 June 2024 and 2023 were approximately RMB153.2 million and RMB107.7 million respectively, representing an increase of approximately RMB45.5 million. The increase in selling expenses was mainly due to the increase in salary and wage expenses for the recruitment and reserve planning for marketing talents during the Interim Period.

#### Administrative expenses

The administrative expenses for the six months ended 30 June 2024 and 2023 were approximately RMB81.7 million and RMB88.4 million respectively, representing a decrease of approximately RMB6.7 million. The decrease in administrative expenses was mainly due to the decrease of share-based payments related to the administrative management personnel during the Interim Period.

#### Other gains, net

Other gains, net was approximately RMB17.1 million for the Interim Period while other gains, net was approximately RMB7.4 million for the Corresponding Period of the Previous Year. The abovementioned variations were mainly due to the increase in government grant during the Interim Period.

#### Finance costs, net

During the Interim Period and the Corresponding Period of the Previous Year, the net finance costs of the Group were approximately RMB3.4 million and RMB4.7 million respectively, representing a decrease of approximately RMB1.3 million. The decrease in financial costs was mainly due to the fact that the Group flexibly arranged idle funds based on its capital needs and risk tolerance, ensuring the safety and liquidity of funds while obtaining a certain amount of interest income during the Interim Period.

#### Income tax expense

During the Interim Period and the Corresponding Period of the Previous Year, income tax expense amounted to approximately RMB13.6 million and RMB4.9 million respectively. The increase of the income tax expense is mainly due to the increase in profit generated from the Group.

#### Net Profit for the Interim Period

As a result of the aforementioned factors, the Group recorded a net profit of approximately RMB83.8 million and RMB43.3 million for the Interim Period and the Corresponding Period of the Previous Year, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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

To supplement the consolidated financial statements, which are presented in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), the Company also use adjusted net profit as additional financial measures, which are not required by, or presented in accordance with, HKFRSs. The Company believes adjusted net profit facilitate comparisons of operating performance from period to period and group to group by eliminating potential impacts of items which our management considers non-indicative of the Group’s operating performance, 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 our consolidated results of operations in the same manner as they help our management. However, our presentation of adjusted net profit may not be comparable to similarly titled measures presented by 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, our 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 the non-HKFRS financial measures of the Group for the six months ended 30 June 2024 and 2023 and the year ended 31 December 2023, respectively, to the nearest measures prepared in accordance with HKFRS:

	For the six months ended 30 June		For the year ended 31 December
	2024 RMB'000 (Unaudited)	2023 RMB'000 (Unaudited)	2023 RMB'000 (Audited)
<b>Profit for the period/year</b>	<b>83,813</b>	43,253	113,971
Adjusted for:			
Share-based payment expenses (Note 16*)	<b>26,894</b>	51,382	83,713
Change in fair value of contingent consideration receivable	–	–	(17,325)
<b>Adjusted net profit</b>	<b>110,707</b>	94,635	180,359

\* Please refer to the Notes to the Condensed Consolidated Interim Financial Information for the six months ended 30 June 2024

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Liquidity, financial resource and capital structure

Net cash inflow generated from the Group's operating activities during the Interim Period and the Corresponding Period of the Previous Year amounted to approximately RMB20.3 million and RMB70.1 million respectively. Such decrease was mainly due to the increase in prepayments for goods and services and payment of income tax during the Interim Period.

Net cash outflow generated from the Group's investing activities amounted to approximately RMB10.9 million and RMB39.7 million respectively for the Interim Period and the Corresponding Period of the Previous Year. Such decrease was mainly due to the acquisition of a subsidiary by the Group in the Corresponding Period of the Previous Year by way of cash settlement.

Net cash inflow generated from the Group's financing activities amounted to approximately RMB49.7 million for the Interim Period and net cash outflow generated from the Group's financing activities amounted to approximately RMB11.1 million for the Corresponding Period of the Previous Year. The net cash inflow generated from the financing activities for the Interim Period was mainly due to the increase of banks and other borrowings for the purpose of enhancing the efficiency of capital utilization during the Interim Period.

The total bank and other borrowings of the Group increased from approximately RMB133.9 million as at 31 December 2023 to approximately RMB181.8 million as at 30 June 2024, which was mainly due to the increase of bank borrowings in order to improve the efficiency of capital utilization during the Interim Period. The bank and other borrowings of the Group as at 30 June 2024 were mainly denominated in Renminbi ("**RMB**"). Please refer to Note 17 to the Condensed Consolidated Interim Financial Information for the six months ended 30 June 2024 for the maturity profile of bank and other borrowings of the Group.

As at 30 June 2024, the Group had current assets of approximately RMB674.8 million (as at 31 December 2023: approximately RMB527.3 million) and current liabilities of approximately RMB419.8 million (as at 31 December 2023: approximately RMB408.2 million). The current ratio (which is calculated by dividing current assets by current liabilities) increased to approximately 1.61 as at 30 June 2024 from approximately 1.29 as at 31 December 2023.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders of the Company through the optimisation of the debt and equity balance.

The Group's overall strategy 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.

To stabilize interest expenses, the Group endeavored to maintain appropriate borrowings at fixed interest rates and floating interest rates. The Group made timely adjustment to its debt structure according to the interest rate policy, seeking to optimize the interest rate level. As at 30 June 2024, almost all of the Group's total borrowings bore interest at a fixed interest rate.

The bank balances and cash of the Group as at 30 June 2024 were mainly denominated in RMB and Hong Kong Dollar ("**HKD**").

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Foreign exchange exposure

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

The management of the Group has set up a policy to require the 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 purchase of equipment from other countries and the management controls on the payment schedule to reduce the foreign exchange risk. Save for certain bank balances, accounts payables and loans dominated in USD, JPY and HKD, the impact of foreign exchange exposure to the Group was minimal and there was no significant adverse effect on normal operations. During the Interim 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 and will consider hedging significant foreign currency exposure should the need arise.

### Interest rate risk

Other than the 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, because the interest rates of bank balances are not expected to change significantly.

The Group’s interest rate risk arises from borrowings. Borrowings with variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. The Group has not hedged its cash flow interest rate risks.

### Charge over assets

As at 30 June 2024, bank borrowings of approximately RMB26,150,000 (31 December 2023: approximately RMB12,500,000) were secured by buildings included in the property, plant and equipment of the Group, net book value of which amounted to approximately RMB21,760,000 (31 December 2023: approximately RMB22,847,000).

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Gearing position

The gearing ratio, which represented net debt (total debts less pledged bank deposits and bank balances and cash) divided by total equity multiplied by 100%, was -4.6% and 0.1% as at 30 June 2024 and 31 December 2023, respectively. The decrease was mainly due to the significant increase in the Group's bank balances and cash at the end of the Interim Period to offset the total debts.

### Significant investments, acquisitions and disposals

During the Interim Period, the Group had no significant investments or material acquisitions and disposals of its subsidiaries, associates and joint ventures.

### Contingencies

As at 30 June 2024, the directors of the Company (the "**Directors**") were not aware of any significant events that would have resulted in material contingent liabilities.

### Dividends

The board of directors of the Company (the "**Board**") does not recommend the distribution of any interim dividend for the Interim Period (2023: Nil).

## 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.

### Movement 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 “**2024 Awarded Shares**”) at nil purchase price to 199 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 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 2024 Awarded Shares was HKD1.35. The aggregated fair value of the 2024 Awarded Shares amounted to HKD22,451,482. 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, 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. Save as the disclosed above, during the Interim Period, no other awarded shares were granted by the Company under the 2022 Share Award Plan.

At the beginning and the end of the Interim 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 37,102,921 Shares, respectively and (ii) the service provider sublimit of the 2022 Share Award Plan were 5,356,354 Shares each. As at 30 June 2024, 55,166,895 awarded Shares remained unvested.

## SHARE AWARD PLAN *(continued)*

### Movement of the Awarded Shares *(continued)*

Movement of the shares granted under the 2022 Share Award Plan during the Interim 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 Interim Period	Vested during the Interim Period	Lapsed/ cancelled during the Interim Period	Unvested as at 30 June 2024
Li Liang	10 January 2023 (Note 1)	34%: 10 January 2023 to 30 April 2024	Nil	39,338,200	39,338,200	-	13,374,988	-	25,963,212
		33%: 10 January 2023 to 30 April 2025							
		33%: 10 January 2023 to 30 April 2026							
Zhao Hui Li ("Ms. Zhao")	10 January 2023 (Note 2)	34%: 10 January 2023 to 31 July 2023	Nil	1,000,000	660,000	-	-	-	660,000
		33%: 10 January 2023 to 31 July 2024							
		33%: 10 January 2023 to 31 July 2025							
<b>Sub-total</b>				<b>40,338,200</b>	<b>39,998,200</b>	<b>-</b>	<b>13,374,988</b>	<b>-</b>	<b>26,623,212</b>

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 Interim Period	Vested during the Interim Period	Lapsed/ cancelled during the Interim Period	Unvested as at 30 June 2024
Senior Management	10 January 2023 (Note 2)	34%: 10 January 2023 to 31 July 2023	Nil	300,000	198,000	-	-	-	198,000
		33%: 10 January 2023 to 31 July 2024							
		33%: 10 January 2023 to 31 July 2025							
	10 April 2024 (Note 8)	34%: 10 April 2024 to 30 April 2025	Nil	600,000	-	600,000	-	-	600,000
		33%: 10 April 2024 to 30 April 2026							
		33%: 10 April 2024 to 30 April 2027							
<b>Sub-total</b>				<b>900,000</b>	<b>198,000</b>	<b>600,000</b>	<b>-</b>	<b>-</b>	<b>798,000</b>

## SHARE AWARD PLAN *(continued)*

### Movement of the Awarded Shares *(continued)*

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 Interim Period	Vested during the Interim Period	Lapsed/cancelled during the Interim Period	Unvested as at 30 June 2024
Employee participants	10 January 2023 (Note 3)	60%: 10 January 2023 to 28 February 2023	28 February 2023 to 30 November 2023	17,947,630	3,589,526	–	2,880,216	709,310	–
		20%: 10 January 2023 to 31 July 2023	31 July 2023 to 30 April 2024						
		20%: 10 January 2023 to 31 January 2024	31 January 2024 to 31 October 2024						
10 January 2023 (Note 2)	10 January 2023 (Note 2)	34%: 10 January 2023 to 31 July 2023	Nil	9,045,400	5,969,964	–	–	–	5,969,964
		33%: 10 January 2023 to 31 July 2024							
		33%: 10 January 2023 to 31 July 2025							
10 January 2023 (Note 4)	10 January 2023 (Note 4)	34%: 10 January 2023 to 31 January 2024	Nil	5,640,000	5,640,000	–	1,917,600	–	3,722,400
		33%: 10 January 2023 to 15 January 2025							
		33%: 10 January 2023 to 31 January 2026							
31 August 2023 (Note 5)	31 August 2023 (Note 5)	40%: 31 August 2023 to 31 October 2023	31 October 2023 to 30 June 2024	3,611,330	2,166,798	–	1,076,799	6,600	1,083,399
		30%: 31 August 2023 to 31 January 2024	31 January 2024 to 30 September 2024						
		30%: 31 August 2023 to 31 July 2024	31 July 2024 to 31 March 2025						
31 August 2023 (Note 6)	31 August 2023 (Note 6)	34%: 31 August 2023 to 31 July 2024	Nil	1,800,000	1,800,000	–	–	–	1,800,000
		33%: 31 August 2023 to 31 July 2025							
		33%: 31 August 2023 to 31 July 2026							
10 April 2024 (Note 7)	10 April 2024 (Note 7)	40%: 10 April 2024 to 31 July 2024	31 July 2024 to 31 March 2025	8,569,920	–	8,569,920	–	–	8,569,920
		30%: 10 April 2024 to 31 October 2024	31 October 2024 to 30 June 2025						
		30%: 10 April 2024 to 30 April 2025	30 April 2025 to 31 December 2025						



## SHARE AWARD PLAN *(continued)*

### Movement of the Awarded Shares *(continued)*

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 Interim Period	Vested during the Interim Period	Lapsed/cancelled during the Interim Period	Unvested as at 30 June 2024
	10 April 2024 (Note 8)	34%: 10 April 2024 to 30 April 2025	Nil	6,000,000	-	6,000,000	-	-	6,000,000
		33%: 10 April 2024 to 30 April 2026							
		33%: 10 April 2024 to 30 April 2027							
<b>Sub-total</b>				<b>52,614,280</b>	<b>19,166,288</b>	<b>14,569,920</b>	<b>5,874,615</b>	<b>715,910</b>	<b>27,145,683</b>
A service provider	10 January 2023 (Note 9)	50%: 10 January 2023 to 31 January 2024	Nil	1,200,000	1,200,000	-	600,000	-	600,000
		50%: 10 January 2023 to 15 January 2025							
<b>Total</b>				<b>95,052,480</b>	<b>60,562,488</b>	<b>15,169,920</b>	<b>19,849,603</b>	<b>715,910</b>	<b>55,166,895</b>

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.

## SHARE AWARD PLAN *(continued)*

### **Movement of the Awarded Shares** *(continued)*

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 Interim 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 Interim Period.

During the Interim 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 Interim Period were approximately 1.09%.

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 Interim Period (including the granting of the 2024 Awarded Shares).

## OTHER INFORMATION

### Model Code for Directors' 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 for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (the "Model Code") (with certain modifications).

The Company has made specific enquiry of all Directors and all Directors have confirmed with the Company that they complied with the required standard set out in the Securities Dealing Code throughout the Interim Period.

### Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2024, the Directors and the Company's chief executive, and their respective associates had the following interests in the Shares and underlying Shares of the Company 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, 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
Mr. Li Jun ("Mr. Li")	The Company	Interest of controlled corporation	323,500,334 Shares (L) (Note 2)	23.25% (L)
	Starlink Vibrant Holdings Ltd. ("Starlink Vibrant")	Beneficial owner	1 share	100%
Mr. Lo Chi Sum ("Mr. Lo")	The Company	Interest of controlled corporation	47,703,522 Shares (L) (Note 3)	3.43% (L)
	Cerulean Coast Limited ("Cerulean")	Beneficial owner	1 share	100%
Mr. Li Liang	The Company	Beneficial owner	44,628,200 Shares (L) (Note 4)	3.20% (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 of the Company or any of its associated corporations as at 30 June 2024.

## OTHER INFORMATION *(continued)*

### Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 30 June 2024, so far as the Directors are aware of, 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 of the Company 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
Starlink Vibrant	Beneficial owner	323,500,334 Shares (L) (Note 2)	23.25% (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 Mr. Li Liang beneficially and 39,338,200 Shares are Awarded Shares conditionally granted to him at 10 January 2023 under the 2022 Share Award Plan 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 at 10 January 2023 under the 2022 Share Award Plan.
6. Yoshiaki is a company incorporated in the British Virgin Islands, which is 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 and underlying 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 of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 30 June 2024.

### Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Interim Period. Subsequent to the end of the Interim Period, pursuant to the general mandate given to the Directors on 6 June 2024, the Company repurchased a total of 3,638,000 of ordinary shares of the Company on the Stock Exchange at a total consideration of HK\$4,987,220 (approximately RMB4,555,301.87), all such shares were cancelled on 19 August 2024.

## OTHER INFORMATION *(continued)*

### Employees and Remuneration Policies

As at 30 June 2024, the Group had a total of 1,563 employees (as at 31 December 2023: 1,260 employees).

The Group has formulated its emolument policy which regulates the basis for the remuneration of the employees and the remuneration structure of employees that comprises 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 Group recognises the importance of skilled and professionally trained employees to its business growth and future success. Staff are encouraged to pursue educational or training opportunities that achieve personal growth and professional development. The Group has also introduced a set of training systems and procedure, including orientation training, regular staff training and professional training.

In order to recognise and reward the contribution of certain eligible participants to the growth and development of the Group, the Company adopted the 2022 Share Award Plan, respectively. Please refer to the section headed "Share Award Plan" in this interim report for details.

### Corporate Governance

During the Interim Period, the Company continued to apply the principles set out in the Corporate Governance Code as contained in Appendix C1 to the Listing Rules (the "CG Code"). The Group has applied these principles and adopted all code provisions, where applicable, of the CG Code as our own code of corporate governance. The Directors consider that the Company has complied with the applicable code provisions under the CG Code.

### Audit Committee

The audit committee of the Company (the "Audit Committee") comprises three members, all of whom are independent non-executive Directors, namely Dr. Yu Guo Jie, Mr. Ma Zhan Kai and Mr. Kong Hua Wei. Dr. Yu Guo Jie is the chairman of the Audit Committee. The Audit Committee has written terms of reference in compliance with the Listing Rules and the CG Code.

This interim report is unaudited but have been reviewed by the Audit Committee. The Audit Committee has in conjunction with the management reviewed the accounting principles and practices adopted by the Group and discussed risk management, internal controls and financial reporting matters of the Group. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

### Amendments of the Memorandum and Articles of Association

In order to reflect the latest requirements of the Listing Rules and to make other consequential, tidy-up and housekeeping amendments to the memorandum of association and the articles of association of the Company (the "Proposed Amendments"), the Board approved the proposal in relation to the Proposed Amendments on 26 March 2024. The Proposed Amendments were also considered and approved by the shareholders of the Company at the annual general meeting of the Company held on 6 June 2024. For details, please refer to the announcements of the Company dated 26 March 2024 and 6 June 2024, respectively, and the circular of the Company dated 23 April 2024.

### Significant Events after the Interim Period

Save as disclosed in the interim report, no significant events affecting the Group occurred after the Interim Period.

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six months ended 30 June	
		2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
Revenue	4	622,063	432,680
Cost of sales	4	(301,465)	(188,319)
<b>Gross profit</b>	4	<b>320,598</b>	244,361
Selling expenses		(153,236)	(107,735)
Administrative expenses		(81,712)	(88,383)
Other gains, net	5	17,076	7,418
Finance income	7	1,651	218
Finance costs	7	(5,010)	(4,938)
Finance expenses, net	7	(3,359)	(4,720)
Share of results of associates	6	(1,951)	(2,739)
<b>Profits before income tax</b>		<b>97,416</b>	48,202
Income tax expense	8	(13,603)	(4,949)
<b>Profits for the period</b>		<b>83,813</b>	43,253
<b>Profits attributable to:</b>			
Owners of the Company		85,077	44,180
Non-controlling interests		(1,264)	(927)
<b>Other comprehensive losses:</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences		(872)	(518)
<b>Total other comprehensive losses for the period</b>		<b>(872)</b>	(518)
<b>Total comprehensive income for the period</b>		<b>82,941</b>	42,735
<b>Total comprehensive income for the period attributable to:</b>			
Owners of the Company		84,205	43,662
Non-controlling interests		(1,264)	(927)
<b>Earnings per share (expressed in RMB cents per share)</b>			
Basic earnings per share	19	6.35	3.36
Diluted earnings per share	19	6.17	3.20

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

	Note	30 June 2024 RMB'000 Unaudited	31 December 2023 RMB'000 Audited
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	36,685	35,055
Goodwill	11	80,112	80,112
Intangible assets	10	11,524	12,110
Right-of-use assets		22,964	29,310
Deferred income tax assets		11,550	11,776
Trade and other receivables	12	11,173	10,260
Interests in associates	6	36,731	38,682
Long-term bank deposits		10,000	10,000
<b>Total non-current assets</b>		<b>220,739</b>	227,305
<b>Current assets</b>			
Inventories		64,494	66,794
Other current assets	13	91,332	38,901
Trade and other receivables	12	309,872	271,567
Pledged bank deposits		818	484
Bank balances and cash		208,244	149,536
<b>Total current assets</b>		<b>674,760</b>	527,282
<b>Total assets</b>		<b>895,499</b>	754,587
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	15	11,363	11,363
Share premium	15	330,273	330,273
Other reserves		70,103	44,081
Retained earnings		(3,127)	(88,204)
		<b>408,612</b>	297,513
<b>Non-controlling interests</b>		<b>2,933</b>	4,197
<b>Total equity</b>		<b>411,545</b>	301,710

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET *(continued)*

	Note	30 June 2024 RMB'000 Unaudited	31 December 2023 RMB'000 Audited
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank and other borrowings	17	59,134	35,644
Lease liabilities		2,247	6,295
Deferred income tax liabilities		2,753	2,753
<b>Total non-current liabilities</b>		<b>64,134</b>	44,692
<b>Current liabilities</b>			
Contract liabilities	14	49,883	32,908
Trade and other payables	18	208,659	223,713
Current income tax liabilities		22,705	33,048
Lease liabilities		15,897	20,272
Bank and other borrowings	17	122,676	98,244
<b>Total current liabilities</b>		<b>419,820</b>	408,185
<b>Total liabilities</b>		<b>483,954</b>	452,877
<b>Total equity and liabilities</b>		<b>895,499</b>	754,587
<b>Net current assets</b>		<b>254,940</b>	119,097
<b>Total assets less current liabilities</b>		<b>475,679</b>	346,402



## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				
	Share capital RMB'000	Share premium RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
<b>Unaudited</b>					
<b>Balance at 1 January 2024</b>	11,363	330,273	44,081	(88,204)	297,513
<b>Comprehensive income (loss)</b>					
Profit for the period	–	–	–	85,077	85,077
<b>Other comprehensive loss</b>					
— currency translation differences	–	–	(872)	–	(872)
<b>Total comprehensive income (loss) for the period ended 30 June 2024</b>	–	–	(872)	85,077	84,205
<b>Transactions with owners</b>					
Employees share award plan					
— value of employee services (Note 16)	–	–	26,894	–	26,894
<b>Total transactions with owners, recognised directly in equity</b>	–	–	26,894	–	26,894
<b>Balance as at 30 June 2024</b>	11,363	330,273	70,103	(3,127)	408,612
<b>Unaudited</b>					
<b>Balance at 1 January 2023</b>	10,667	330,273	(47,479)	(200,166)	93,295
<b>Comprehensive income (loss)</b>					
Profit for the period	–	–	–	44,180	44,180
<b>Other comprehensive loss</b>					
— currency translation differences	–	–	(518)	–	(518)
<b>Total comprehensive income (loss) for the period ended 30 June 2023</b>	–	–	(518)	44,180	43,662
<b>Transactions with owners</b>					
Employees share award plan					
— value of employee services (Note 16)	649	–	50,733	–	51,382
<b>Total transactions with owners, recognised directly in equity</b>	649	–	50,733	–	51,382
<b>Balance as at 30 June 2023</b>	11,316	330,273	2,736	(155,986)	188,339

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
<b>Cash flows from operating activities</b>		
Cash generated from operations	46,984	85,918
Interest paid	(3,851)	(2,497)
Income tax paid	(22,870)	(13,300)
<b>Net cash generated from operating activities</b>	<b>20,263</b>	70,121
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(7,496)	(6,676)
Payment of pledged bank deposits	(818)	(1,233)
Collection of pledged bank deposits	484	892
Purchase of intangible assets	(3,095)	(644)
Acquisition of a subsidiary, net of cash acquired	–	(32,029)
<b>Net cash used in investing activities</b>	<b>(10,925)</b>	(39,690)
<b>Cash flows from financing activities</b>		
Proceeds from bank and other borrowings	78,432	7,700
Repayments of bank and other borrowings	(28,749)	(18,812)
<b>Net cash generated from (used in) financing activities</b>	<b>49,683</b>	(11,112)
<b>Net increase in cash and cash equivalents</b>	<b>59,021</b>	19,319
Cash and cash equivalents at beginning of the period	149,536	50,928
Effect of foreign exchange rate changes	(313)	191
<b>Cash and cash equivalents at end of the period</b>	<b>208,244</b>	70,438

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024

### 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 Stock Exchange.

The address of the Company’s registered office is Cricket Square, Hutchins Drive, P.O. 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 (“**PRC**”).

This interim financial information was approved for issue by the Board on 26 August 2024. This interim financial information has not been audited. This interim financial information was presented in Renminbi (“**RMB**”) and rounded to the nearest thousands (“**000**”), unless otherwise stated.

### 2. Basis of Preparation and Presentation

This interim financial information for the six months ended 30 June 2024 has been prepared in accordance with Hong Kong Accounting Standard 34 (“**HKAS 34**”), “Interim financial reporting”. The interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

### 3. Accounting Policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2023, as described in those annual financial statements.

Amendments to HKFRSs effective for the financial year ending 31 December 2024 do not have a material impact on the Group.

Taxes on income in the interim periods are accrued using the tax rates that would be applicable to expected total annual earnings.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 4. Segment Information

The chief operating decision-maker (“**CODM**”) of the Company mainly includes 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.

The Group has the following reportable segments for the Interim Period:

- New media services
- Television broadcasting business

Prior to 1 July 2023, there were four reportable and operating segments, namely (i) New media services; (ii) Application solutions; (iii) System maintenance services; and (iv) Sales of self-developed products.

From 1 July 2023, management has changed the presentation of the information reported to the CODM, and segment reporting is updated to conform to this change. The Group’s management is of the view that this change of segment disclosure better reflects the Group’s updated business strategies, the development phases of various businesses and the financial performance, and better aligns with the Group’s resource allocation.

The updated reportable segments comprise (i) New media services; and (ii) Television broadcasting business, which is aggregated by the former Application solutions, System maintenance services and Sales of self-developed products segments. The Group’s management periodically reviews their developments, and dynamically adjust resource allocation and strategies.

The CODM assess the performance of the operating segments mainly based on profit (loss) for the periods 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.

The comparative segment information for the period ended 30 June 2023 has been restated to conform with the presentation adopted for the Interim Period. The revision of segment information has no impact on the Group’s consolidated financial statements.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 4. Segment Information *(continued)*

There was no material inter-segment revenue during the periods ended 30 June 2024 and 2023. The segment information provided to the CODM for the reportable segments is as follows:

#### Six months ended 30 June 2024 (Unaudited)

	New media services RMB'000	Television broadcasting business RMB'000	Unallocated RMB'000	Total RMB'000
<b>Reportable segment revenue (from external customers)</b>	<b>563,645</b>	<b>58,418</b>	<b>–</b>	<b>622,063</b>
<b>Reportable segment profit (loss)</b>	<b>89,423</b>	<b>(4,605)</b>	<b>(1,005)</b>	<b>83,813</b>
<b>Amounts included in reportable segment profit (loss):</b>				
Reversal of loss allowance on trade receivables	–	338	–	338
Share of results of associates	–	(1,951)	–	(1,951)
Share-based payment in respect of share awards	(26,894)	–	–	(26,894)
Depreciation of property, plant and equipment	(4,366)	(1,500)	–	(5,866)
Depreciation of right-of-use asset	(9,145)	(1,086)	–	(10,231)
Amortisation of intangible assets	(2,903)	(778)	–	(3,681)
Write-down of inventories	–	(79)	–	(79)
Leases expenses under short-term leases	(531)	–	–	(531)
Finance costs (excluding net foreign exchange gain)	(474)	(5,984)	–	(6,458)
Interest income on long-term bank deposits	160	–	–	160
Interest income on short-term bank deposits	1,483	8	–	1,491
<b>As at 30 June 2024 (Unaudited)</b>				
<b>Other information</b>				
Segment assets	621,970	273,139	390	895,499
Segment liabilities	226,620	255,124	2,210	483,954

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 4. Segment Information *(continued)*

#### Six months ended 30 June 2023 (Represented) (Unaudited)

	New media services RMB'000	Television broadcasting business RMB'000	Unallocated RMB'000	Total RMB'000
<b>Reportable segment revenue (from external customers)</b>	391,711	40,969	–	432,680
<b>Reportable segment profit (loss)</b>	47,001	(3,751)	3	43,253
<b>Amounts included in reportable segment profit (loss):</b>				
Reversal of loss allowance on trade receivables	–	975	–	975
Reversal of loss allowance on other receivables	–	1,800	–	1,800
Share of results of associates	–	(2,739)	–	(2,739)
Share-based payment in respect of share awards	(51,382)	–	–	(51,382)
Depreciation of property, plant and equipment	(870)	(1,424)	–	(2,294)
Depreciation of right-of-use asset	(4,639)	(573)	–	(5,212)
Amortisation of intangible assets	(673)	(793)	–	(1,466)
Write-down of inventories	–	(1,294)	–	(1,294)
Leases expenses under short-term leases	(119)	(929)	–	(1,048)
Finance costs (excluding net foreign exchange gain)	(268)	(4,861)	–	(5,129)
Interest income on short-term bank deposits	154	64	–	218
<b>As at 31 December 2023 (Audited)</b>				
<b>Other information</b>				
Segment assets	446,827	306,781	979	754,587
Segment liabilities	167,500	282,977	2,400	452,877

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 4. 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 periods ended 30 June 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:

	Six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
PRC	618,449	431,828
Hong Kong	1,764	847
Others	1,850	5
	<b>622,063</b>	432,680

Total of non-current assets other than deferred income tax assets, trade and other receivables, interests in associates and long-term bank deposits.

	As at 30 June 2024 RMB'000 Unaudited	As at 31 December 2023 RMB'000 Audited
Mainland China	151,015	156,319
Hong Kong	270	268
	<b>151,285</b>	156,587

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 5. Other Gains, Net

	Six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
<b>Other gains, net</b>		
Government grant	17,713	7,198
Others	(637)	220
<b>Other gains, net</b>	<b>17,076</b>	<b>7,418</b>

### 6. Interests in Associates

	Six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
At 1 January	38,682	31,608
Share of results of associates	(1,951)	(2,739)
At 30 June	<b>36,731</b>	<b>28,869</b>



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 6. Interests in Associates *(continued)*

The Group's share of the results in Beijing Evertop Sports Culture Media Co., Ltd.\* (北京永達天恆體育文化傳媒有限公司) and its aggregated assets and liabilities are shown below:

	<b>30 June 2024 RMB'000 Unaudited</b>	<b>31 December 2023 RMB'000 Audited</b>
Assets	<b>48,005</b>	69,419
Liabilities	<b>14,156</b>	31,234
Net assets	<b>33,849</b>	38,185

	<b>Six months ended 30 June</b>	
	<b>2024 RMB'000 Unaudited</b>	<b>2023 RMB'000 Unaudited</b>
Revenue	<b>12,998</b>	1,595
Share of profit	<b>(1,951)</b>	(2,739)
Percentage held	<b>45%</b>	45%

\* The official name is in Chinese and the English name is translated for identification purpose only.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 7. Financial Expenses, Net

	Six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
<b>Finance expenses</b>		
Interest expenses on bank and other borrowings	(5,763)	(4,475)
Interest expenses on lease liabilities	(440)	(419)
Interest expenses on amounts due to directors	(28)	(23)
Interest expenses on amounts due to a shareholder	(227)	(212)
Net foreign exchange gain	1,448	191
	(5,010)	(4,938)
<b>Finance income</b>		
Interest income on bank deposits	1,651	218
<b>Finance expenses, net</b>	<b>(3,359)</b>	<b>(4,720)</b>

### 8. Income Tax Expense

#### 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.

#### 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 period ended 30 June 2024 (2023: 16.5%) on the estimated assessable profit for the period. Hong Kong Profits Tax has not been provided as the Group, an entity incorporated in Hong Kong, incurred a loss for taxation purposes during both periods.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 8. Income Tax Expense *(continued)*

#### PRC enterprise income tax ("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 of the Group obtained the High and New Technology Enterprise qualification. A reduced tax rate of 15% (2023: 15%) for the period of three years 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\* (《财政部稅務總局公告2022年第13號》) and the Announcement of Ministry of Finance and the State Administration of Taxation No. 6 of 2023\* (《财政部稅務總局公告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 Company's net income.

The income tax expense of the Group is analyzed as follows:

	Six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
<b>Enterprise income tax</b>		
Current income tax	(13,377)	(13,779)
Deferred income tax	(226)	8,830
<b>Income tax expense</b>	<b>(13,603)</b>	<b>(4,949)</b>

\* For identification purposes only.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 9. Dividends

The Board does not recommend the distribution of any interim dividend for the Interim Period (2023: Nil).

### 10. Property, Plant and Equipment and Intangible Assets

	Property, plant and equipment RMB'000 Unaudited	Intangible assets RMB'000 Unaudited
<b>Six months ended 30 June 2024</b>		
<b>Net book value or valuation</b>		
Opening amount as at 1 January 2024	35,055	12,110
Additions	7,496	3,095
Depreciation	(5,866)	(3,681)
<b>Closing amount as at 30 June 2024</b>	<b>36,685</b>	<b>11,524</b>
<b>Six months ended 30 June 2023</b>		
<b>Net book value or valuation</b>		
Opening amount as at 1 January 2023	30,811	5,598
Additions	6,676	644
Acquisition of a subsidiary	–	11,010
Depreciation	(2,294)	(1,466)
<b>Closing amount as at 30 June 2023</b>	<b>35,193</b>	<b>15,786</b>

### 11. Goodwill

	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
<b>Reconciliation of carrying amount</b>		
As at 1 January	80,112	–
Acquisition of a subsidiary	–	80,112
As at 30 June	80,112	80,112

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 12. Trade and Other Receivables

	As at	
	30 June 2024 RMB'000 Unaudited	31 December 2023 RMB'000 Audited
<b>Trade receivables</b>		
— from third parties	283,800	283,875
— from an associate	72	1,742
	<b>283,872</b>	285,617
Less: provision for impairment of trade receivables	(56,690)	(57,028)
Trade receivables — net	<b>227,182</b>	228,589
<b>Other receivables</b>		
Deposit for guarantee certificate over tendering and performance	6,539	5,551
Deposit paid for acquisition of a subsidiary	16,934	16,934
Cash advance to employees	7,730	4,022
Contingent consideration receivable	17,325	17,325
Due from related parties	14,698	18,195
Receivable from disposal of a subsidiary	3,602	3,602
Receivables related to share awards granted to employees	22,578	—
Other deposits paid	10,934	2,145
Others	10,457	2,398
	<b>110,797</b>	70,172
Less: provision for impairment of deposit paid for acquisition of a subsidiary	(16,934)	(16,934)
	<b>93,863</b>	53,238
<b>Total trade and other receivables</b>	<b>321,045</b>	281,827
<b>Less: Non-current portion</b>		
Receivable from disposal of a subsidiary	3,602	3,602
Other deposit paid	7,035	4,156
Trade receivables— third parties	590	2,556
Less: provision for impairment of trade receivable	(54)	(54)
<b>Non-current portion</b>	<b>11,173</b>	10,260
<b>Current portion</b>	<b>309,872</b>	271,567

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 12. Trade and Other Receivables *(continued)*

As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade receivables based on revenue recognition date is as follows:

	As at	
	30 June 2024 RMB'000 Unaudited	31 December 2023 RMB'000 Audited
Up to 3 months	144,711	140,186
Over 3 months but less than 6 months	17,087	10,221
Over 6 months but less than 1 year	24,458	37,973
Over 1 year but less than 2 years	16,301	20,937
Over 2 years but less than 3 years	15,577	13,552
Over 3 years	65,738	62,748
	<b>283,872</b>	285,617

### 13. Other Current Assets

	As at	
	30 June 2024 RMB'000 Unaudited	31 December 2023 RMB'000 Audited
Prepayment for purchase of goods or services	91,332	38,901

### 14. Contract Liabilities

	As at	
	30 June 2024 RMB'000 Unaudited	31 December 2023 RMB'000 Audited
Contract liabilities to third party	49,883	32,908

Contract liabilities primarily consist of the advance from customers for services or goods to be provided.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 15. Share Capital and Share Premium

	Number of ordinary shares	Nominal value of ordinary shares HK\$'000	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
<b>Balance at 1 January 2024</b>	<b>1,390,841,163</b>	<b>13,908</b>	<b>11,363</b>	<b>330,273</b>	<b>341,636</b>
Issuance of new shares under Share Award Plan (note 16)	–	–	–	–	–
<b>Balance at 30 June 2024</b>	<b>1,390,841,163</b>	<b>13,908</b>	<b>11,363</b>	<b>330,273</b>	<b>341,636</b>
<b>Balance at 1 January 2023</b>	1,311,270,995	13,112	10,667	330,273	340,940
Issuance of new shares under Share Award Plan (note 16)	74,471,230	745	649	–	649
<b>Balance at 30 June 2023</b>	<b>1,385,742,225</b>	<b>13,857</b>	<b>11,316</b>	<b>330,273</b>	<b>341,589</b>

### 16. Share Based Payments

#### (i) 2014 Share Award Plan

The Company adopted the 2014 Share Award Plan on 24 March 2014. The Board shall notify the trustee, who was designated to manage the plan, in writing upon the making of an award to an eligible participant under the 2014 Share Award Plan. On 1 April 2022, the Board resolved to allot and issue to the Trustee a total of 17,040,000 new shares and grant such shares to Selected Participants under the 2014 Share Award Plan.

2014 Share Award Plan has been terminated on 29 December 2023. Movement of the awarded shares under the 2014 Share Award Plan for the six months ended 30 June 2023 is as the following:

	Number of awarded shares
At 1 January 2023	3,408,000
Granted	–
Vested	–
<b>At 30 June 2023</b>	<b>3,408,000</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 16. Share Based Payments *(continued)*

#### (ii) 2022 Share Award Plan

The Company has adopted the 2022 Share Award Plan on 8 December 2022. The Board shall notify the trustee, who is designated to manage the plan, in writing upon the making of an award to an eligible participant under the 2022 Share Award Plan. The Board have resolved on 10 April 2024 to allot and issue to the Trustee a total of 15,169,920 new shares and grant such shares to 199 Selected Participants under the 2022 Share Award Plan.

Movement of the awarded shares under the 2022 Share Award Plan for the six months ended 30 June 2024 and 2023 is as the following:

	Number of awarded shares
At 1 January 2024	60,562,488
Granted during the period	15,169,920
Vested during the period	(19,849,603)
Lapsed/cancelled during the period	(715,910)
<b>At 30 June 2024</b>	<b>55,166,895</b>
At 1 January 2023	–
Granted during the period	74,471,230
Vested during the period	(10,768,578)
<b>At 30 June 2023</b>	<b>63,702,652</b>

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. There were 15,169,920 shares awarded under the 2022 Share Award Plan during the Interim Period.

#### (iii) Share-based payment expenses

The amounts of share-based payment expenses are as follows:

	Six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
Share Award Plans	26,894	51,382



## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 17. Bank and Other Borrowings

	As at	
	30 June 2024 RMB'000 Unaudited	31 December 2023 RMB'000 Audited
<b>Non-current</b>		
Bank and other borrowings	59,134	35,644
<b>Current</b>		
Bank and other borrowings	122,676	98,244
<b>Total bank and other borrowings</b>	<b>181,810</b>	133,888

As at 30 June 2024, bank borrowings of RMB26,150,000 (31 December 2023: RMB12,500,000) were secured by the buildings of the Group, net book value of which amounted to RMB21,760,000 (31 December 2023: RMB22,847,000), and were guaranteed by Beijing Zhongguancun Sci-Tech Financing Guaranty Co., Ltd. (31 December 2023: same).

### 18. Trade and Other Payables

	As at	
	30 June 2024 RMB'000 Unaudited	31 December 2023 RMB'000 Audited
Trade payables to third parties	89,424	93,501
Trade payables to associates	9,350	11,586
Other taxes payables	14,269	15,784
Employee benefits payables	36,436	46,363
Amounts due to associates	6,400	623
Amounts due to a director	374	2,668
Amounts due to a related company/a shareholder	9,710	9,710
Accrual for professional service fees	542	1,850
Accrual for operating expenses	7,202	5,356
Interest payables	24,229	22,781
Loan from third parties	4,367	8,500
Others	6,356	4,991
	<b>208,659</b>	223,713

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 18. Trade and Other Payables *(continued)*

The ageing analysis of the trade payables based on invoice date is as follows:

	As at	
	30 June 2024 RMB'000 Unaudited	31 December 2023 RMB'000 Audited
Up to 3 months	45,770	63,913
Over 3 months but within 6 months	15,786	18,233
Over 6 months but within 1 year	14,811	177
Over 1 year but within 2 years	4,889	5,346
Over 2 years but within 3 years	4,946	5,919
Over 3 years	12,572	11,499
	<b>98,774</b>	<b>105,087</b>

### 19. Earnings per Share

#### (a) Basic

Basic earnings per share for the six months ended 30 June 2024 and 2023 are calculated by dividing the profit of the Group attributable to owners of the Company by the weighted average number of ordinary shares deemed to be in issue during each respective period:

	Six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
Profit attributable to owners of the Company (in RMB'000)	85,077	44,180
Weighted average number of ordinary shares in issue (in thousand)	1,338,783	1,315,121
Basic earnings per share (RMB cents per share)	<b>6.35</b>	<b>3.36</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION FOR THE SIX MONTHS ENDED 30 JUNE 2024 *(continued)*

### 19. Earnings per Share *(continued)* (b) Diluted

	Six months ended 30 June	
	2024 RMB'000 Unaudited	2023 RMB'000 Unaudited
Profit attributable to owners of the Company (in RMB'000)	85,077	44,180
Profit attributable to owners of the Company for computation of diluted earnings per share	85,077	44,180
Weighted average number of ordinary shares in issue (in thousand)	1,338,783	1,315,121
Effect of dilutive potential ordinary shares relating to share awards	40,713	67,111
Weighted average number of ordinary shares for computation of diluted earnings per share	1,379,496	1,382,232
Diluted earnings per share (RMB cents per share)	6.17	3.20

### 20. Contingent Liabilities

As at 30 June 2024, the Directors were not aware of any significant events that would have resulted in material contingent liabilities.