Be Friends Holding Limited
交個朋友控股有限公司

(Incorporated under the laws of the Cayman Islands with limited liability)

(Stock Code: 1450)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Be Friends Holding Limited (the "**Company**") hereby presents the audited consolidated final results of the Company and its subsidiaries (collectively, the "**Group**" or "**We**") for the year ended 31 December 2023 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 December 2022 (the "**Corresponding Period of the Previous Year**"). The audited consolidated final results of the Group have been reviewed by the audit committee of the Company.

KEY HIGHLIGHTS

FINANCIAL SUMMARY

	For the year ended 31 December		Year-on-year change increase/(decrease)
	2023	2022	
	RMB'000	*RMB'000* *(represented)***	*(%)*
Revenue			
New media services	**988,732**	302,511	226.8
Television broadcasting business	**85,603**	123,095	(30.5)
Total	**1,074,335**	425,606	152.4
Gross profit			
New media services	**533,912**	155,087	244.3
Television broadcasting business	**32,998**	43,161	(23.5)
Total	**566,910**	198,248	186.0
Profit (Loss) for the year	**113,971**	(16,391)	795.3
Adjusted net profit*	**180,359**	25,716	601.3

* 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 announcement.

** The comparative segment information has been represented to reflect the change of the reporting segments of the Group. Please refer to Note 3 in this announcement.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2023, our new media services segment continued to experience rapid growth, achieving a total Gross Merchandise Volume (GMV) exceeding RMB12 billion, propelling us into the top tier of live-streaming e-commerce. Our television broadcasting business segment was able to sustain stable growth, maintaining a relatively leading position in the segmented industry through technological iteration and industrial renewal. Meanwhile, we actively embraced the new normal of China's full-media industry and made significant breakthroughs during the Reporting Period, setting a successful example for the full-media industry. This was made possible by our strategic layout in 2019, leveraging our deep technology expertise and rich experience in the live-streaming field. Through a series of measures such as technological innovation, diversified development, organizational optimization, and strategic cooperation, we seized the wave of China's new media and led the development of the field of new media, particularly in live-streaming e-commerce. During the Reporting Period, our revenue amounted to approximately RMB1,074.3 million, representing an increase of approximately 152.4% as compared to approximately RMB425.6 million for the Corresponding Period of the Previous Year. Our adjusted net profit* for the Reporting Period was approximately RMB180.4 million, compared to approximately RMB25.7 million for the Corresponding Period of the Previous Year, representing an increase of approximately 601.3%.

As a technology-driven full-media services provider, the Group's advantages in the new media services segment primarily lie in three aspects: highly precise customer base, standardized operational capabilities, and digital innovation capabilities. These are the core elements that the Group has focused on building during the Reporting Period, and together they constitute the Group's core competitiveness in the market, driving our steady development. As of now, the Group has established over 30 broadcasting rooms with a total fan base exceeding 50 million. We have completed "multi-platform deployment" on platforms such as Douyin, Taobao and JD, and successfully developed a standardized and replicable "matrix broadcasting room operation" model. Through more professional and vertical matrix broadcasting rooms, we cater to diverse consumer needs to make user reach and transactions more efficient. Meanwhile, during the Reporting Period, the Group gradually built up "Friend Cloud" platform, achieving automation of the entire process in live-streaming e-commerce.

The Group has always placed great importance on the synergy between core businesses to ensure the Group's correct, long-term, and healthy growth and profitability. We strive for continuous innovation, leading industry development, and constantly strengthening our ecological capabilities. During the Reporting Period, the Group acquired Beijing Be Friends Digital Technology Company Limited** (北京交個朋友數碼科技有限公司), completing the closed-loop capability of our new media services. We further optimized

* 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 announcement.

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

the supply chain management system, aiming to make it convenient for all partner businesses and brands to use the system, significantly improving daily operational efficiency. At the same time, we continued to increase investment in software, systems, and data value, establishing comprehensive data-driven operational capabilities. This effort has helped increase the number of broadcasting rooms owned by the Group from 15 to over 30. Importantly, this "infrastructure construction" enables the Group to rapidly deploy standardized and replicable matrix broadcasting rooms, demonstrating the Board's keen insight into market changes and forward-thinking business mindset.

The Group has always adopted a long-term approach to build the "Be Friends" brand, aiming to become a trusted friend for both consumers and businesses. As live-streaming e-commerce enters a new stage of higher-quality development, we clearly recognise that solving the trust issues of both consumers and businesses is essential for success in live-streaming e-commerce. The increasing recognition of the "Be Friends" brand by more and more friends is not only due to the steady improvement of our front, middle, and back-end capabilities in the supply chain, product selection, operations, anchors, and informatization but also stems from our sincere and straightforward broadcasting style, positive consumer reputation, consistent benefits for businesses, and our genuine attitude towards after-sales service. These aspects collectively contribute to the "trust" we have built, making us successful in creating a channel brand that businesses and consumers rely on.

With strict control on product quality and our outstanding market competitiveness, brand service capabilities, commercial performance, and potential for value growth, during the Reporting Period, the Group has received more than 20 awards from government or media. These awards include recognition at the Douyin E-commerce Ecology Conference (抖音電商生態大會) as the Annual Influential Author (年度影響力作者) and the Annual Influential MCN (年度影響力MCN機構), as well as being selected as the 2023 Commercially Valuable MCN (2023年度商業價值機構) at the 30th China International Advertising Festival (第30屆中國國際廣告節). Additionally, the "Be Friends" joint production short video was honored with the highest honor, the 2023 Effie Award (2023艾菲獎), at the International Advertising Festival (國際廣告節). These awards not only affirm our achievements in business value and market influence over the past year but also recognise the Group's spirit of continuous innovation and breakthroughs. As a leading enterprise in live-streaming e-commerce, the Group has always adhered to compliant operations and actively fulfilled corporate social responsibilities to support the development of the real economy. During the Reporting Period, we donated RMB1 million towards flood relief efforts in the Beijing-Tianjin-Hebei region and RMB2 million for earthquake relief efforts in Gansu and Qinghai. We also launched special sessions in direct broadcasting to support relief efforts in Zhuozhou, selling "encourage packages" and other items for affected companies, we have paid special attention to agricultural product sales and rural revitalization efforts, hosting a total of 26 sessions of public welfare direct broadcasting for rural revitalization, with cumulative sales exceeding RMB236 million.

During the Reporting Period, we continued to allocate reasonable resources to the television broadcasting business segment, maintaining good and stable business cooperation relationships with radio and television broadcasters, new media organizations and industry customers. In the television broadcasting business segment, we remained focused on projects offering higher gross profit margins or more favorable payment terms to sustain stable operations, while strictly implementing measures for cost and expense control. In order to meet the transformation needs of the full-media industry, we conducted technical iterations on our products. The Group's subsidiary, Cogent (Beijing) Technology Company Limited** (高駿(北京)科技有限公司) upgraded the television broadcasting system commonly used in the broadcasting industry to make it smaller, lighter, and easier to operate, and successfully developed an integrated four-camera broadcasting product, which can be widely used in industries such as conferences, healthcare, and education for broadcasting purposes. It can also be applied in new media broadcast rooms and outdoor broadcasting, significantly reducing the cost of broadcast system construction.

FUTURE OUTLOOK

Looking forward, we will better grasp the opportunities brought by the sustained recovery of the Chinese economy and the thriving development of new media. In the new media service segment, the Group will deepen our supply chain capabilities and fully embrace data-driven operations. We will continue to expand our cross-platform, standardized and replicable matrix broadcasting rooms, advancing the construction scale of these rooms. We aim to provide consumers with richer product choices, higher-quality services, more convenient shopping channels, and better shopping experiences. Similarly, we seek to offer businesses more efficient and stable sales and promotion channels. To achieve these goals, the Group will continue to intensify the investment in our supply chain depth, full data-driven operations, "Friend Cloud" and talent development. We will utilize "Technology + Talent" to empower our broadcast rooms in order to improve decision-making accuracy, operational efficiency, customer stickiness, etc. in various aspects.

We will firmly deepen our presence in the field of full-media services. In the television broadcasting business segment, we will continue to strengthen technological and product iterations, enrich our product structure, and enhance our market competitiveness in the field of broadcasting transmission. Meanwhile, we will maintain our focus on high-quality projects with high gross profit margins and rigorously implement cost and expense control. Furthermore, the Group will also closely monitor changes and demands in the television broadcasting market. Leveraging the technological and customer resources accumulated over the past decade, we will continue to strive to develop high-quality software and hardware products that meet the needs of the new media era. Together with our broadcasting customers, we aim to embrace the era of new media.

In order to create more value for shareholders of the Company, the Company will consider exercising the Repurchase Mandate* in accordance with Rule 10.06 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**") when appropriate.

*　The Repurchase Mandate is the general unconditional mandate granted to the Directors to repurchase shares of the Company at the annual general meeting of the Company.

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

FINANCIAL REVIEW

Revenue

Based on the financial information, the Group's revenue increased by approximately 152.4% to approximately RMB1,074.3 million (2022: approximately RMB425.6 million) during the Reporting Period. The increase in revenue during the Reporting Period was mainly attributable to the significant increase in revenue generated from new media services of the Group on new media platforms such as Douyin, Taobao and JD. The table below sets out the revenue of each of the Group's business segments for the years ended 31 December 2023 and 2022 respectively:

	For the year ended 31 December			
	2023		2022	
	RMB'000	***% of total revenue***	*RMB'000 (represented)**	*% of total revenue*
Segment revenue				
New media services	**988,732**	**92.0%**	302,511	71.1%
Television broadcasting business	**85,603**	**8.0%**	123,095	28.9%
Total	**1,074,335**	**100.0%**	425,606	100.0%

New media services

Revenue generated from the new media services segment represented approximately 71.1% and 92.0% of the total revenue of the Group for the Corresponding Period of the Previous Year and the Reporting Period, respectively. Such revenue increased from approximately RMB302.5 million for the Corresponding Period of the Previous Year to approximately RMB988.7 million for the Reporting Period. The increase was mainly due to the Group's establishment of high-quality brands for broadcasting e-commerce and new media marketing channels during the Reporting Period, as well as the successful realization of cross-platform operations on Douyin, Taobao and JD.

* The comparative segment information has been represented to reflect the change of the reporting segments of the Group. Please refer to Note 3 in this announcement.

Television broadcasting business

Revenue generated from the television broadcasting segment represented approximately 28.9% and 8.0% of the total revenue of the Group for the Corresponding Period of the Previous Year and the Reporting Period, respectively. Such revenue decreased from approximately RMB123.1 million for the Corresponding Period of the Previous Year to approximately RMB85.6 million for the Reporting Period. The decrease was mainly due to the reduction in budgets or the postponement of projects by certain major customers of the Group during the Reporting Period.

Cost of sales

The Group's cost of sales increased by approximately 123.2% from approximately RMB227.4 million for the Corresponding Period of the Previous Year to approximately RMB507.4 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 2023 and 2022 respectively:

	For the year ended 31 December			
	2023		2022	
	RMB'000	***% of total cost***	*RMB'000* *(represented)**	*% of total cost*
Segment cost of sales				
New media services	**454,820**	**89.6**	147,424	64.8
Television broadcasting business	**52,605**	**10.4**	79,934	35.2
Total	**507,425**	**100.0**	227,358	100.0

New media services

The cost of sales of new media services segment increased by approximately 208.5% from approximately RMB147.4 million for the Corresponding Period of the Previous Year to approximately RMB454.8 million for the Reporting Period. The increase was mainly due to the substantial increase in revenue from the Group's new media services business segment during the Reporting Period, which resulted in a corresponding increase in the cost of sales of the new media services business segment.

Television broadcasting business

The cost of sales of the television broadcasting segment decreased by approximately 34.2% from approximately RMB79.9 million for the Corresponding Period of the Previous Year to approximately RMB52.6 million for the Reporting Period. The decrease was mainly due to the corresponding decrease in costs of sales as a result of the decrease in segment revenue during the Reporting Period.

* The comparative segment information has been represented to reflect the change of the reporting segments of the Group. Please refer to Note 3 in this announcement.

Gross profit and gross profit margin

The Group's gross profit was approximately RMB198.2 million and approximately RMB566.9 million for the Corresponding Period of the Previous Year and the Reporting Period, respectively, representing an increase of approximately 186.0%. The Group's gross profit margin was approximately 46.6% and approximately 52.8% for the Corresponding Period of the Previous Year and the Reporting Period, 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 2023 and 2022 respectively:

	For the year ended 31 December			
	2023		2022	
	RMB'000	***Gross profit margin***	*RMB'000* *(represented)**	*Gross profit margin*
Segment gross profit and gross profit margin				
New media services	**533,912**	**54.0%**	155,087	51.3%
Television broadcasting business	**32,998**	**38.5%**	43,161	35.1%
Total	**566,910**	**52.8%**	198,248	46.6%

New media services

The gross profit margin of the new media services segment increased from approximately 51.3% for the Corresponding Period of the Previous Year to approximately 54.0% for the Reporting Period. The Group believes the change was within a reasonable range in its normal operation.

Television broadcasting business

The gross profit margin of the television broadcasting business segment increased from approximately 35.1% for the Corresponding Period of the Previous Year to approximately 38.5% for the Reporting Period. It was mainly due to the Group's increased application of national brand resolutions, resulting in a decrease of corresponding procurement costs and an increase of profit margin during the Reporting Period.

* The comparative segment information has been represented to reflect the change of the reporting segments of the Group. Please refer to Note 3 in this announcement.

Other gains (losses), net

Other gains, net was approximately RMB8.9 million for the Reporting Period while other losses, net was approximately RMB3.8 million for the Corresponding Period of the Previous Year. The increase was mainly due to the increase in government grants and the decrease in fair value losses on financial assets at fair value through profit or loss during the Reporting Period.

Administrative expenses

Administrative expenses were approximately RMB107.8 million and approximately RMB173.6 million for the Corresponding Period of the Previous Year and the Reporting Period, respectively, representing an increase of approximately 61.0%. The increase in administrative expenses was mainly due to the increase in wage and salary expenses for the recruitment and reserve scheme for administrative management personnel as well as the increase in share-based payment for certain outstanding administrative management personnel for the purpose of providing long-term incentives during the Reporting Period.

Selling expenses

Selling expenses were approximately RMB70.9 million and approximately RMB261.7 million for the Corresponding Period of the Previous Year and the Reporting Period, respectively, representing an increase of approximately 269.1%. The increase in selling expenses was mainly due to the increase in wage and salary expenses for the recruitment and reserve scheme for marketing personnel as well as the increase in share-based payment for certain outstanding marketing personnel for the purpose of providing long-term incentives during the Reporting Period.

Finance costs, net

Finance costs, net were approximately RMB11.6 million and approximately RMB13.3 million for the Corresponding Period of the Previous Year and the Reporting Period, respectively, representing an increase of approximately 14.7%. The increase in finance costs, net was due to the increase in losses on foreign exchange during the Reporting Period.

Income tax expense

Income tax expense for the Reporting Period was approximately RMB25.5 million while income tax expense for the Corresponding Period of the Previous Year was approximately RMB10.3 million. The increase in income tax expense was mainly due to the increase of the Group’s profit during the Reporting Period.

Profit(Loss) for the year

As a result of the foregoing factors, the profit attributable to owners of the Company of approximately RMB119.5 million was recorded for the Reporting Period, while a loss attributable to owners of the Company of approximately RMB9.2 million was recorded for the Corresponding Period of the Previous Year.

Reconciliation of 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 in the same manner as they help our management. However, the 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, 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 2023 and 2022, respectively, to the nearest measures prepared in accordance with HKFRS:

	2023	2022
	RMB'000	*RMB'000*
Profit (Loss) for the year	**113,971**	(16,391)
Adjusted for:		
Share based payment expenses	**83,713**	23,422
Change in fair value of contingent consideration receivable	**(17,325)**	–
Fair value losses on financial assets at FVPL	**–**	12,139
Amortisation of deferred day-one loss	**–**	6,546
Adjusted net profit	**180,359**	25,716

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net cash inflow from the Group's operating activities amounted to approximately RMB183.0 million for the Reporting Period and net cash outflow used in the Group's operating activities amounted to approximately RMB2.1 million for the Corresponding Period of the Previous Year.

Net cash outflow used in the Group's investing activities amounted to approximately RMB74.5 million for the Reporting Period and net cash inflow from the Group's investing activities amounted to approximately RMB32.3 million for the Corresponding Period of the Previous Year.

Net cash outflow used in the Group's financing activities amounted to approximately RMB10.3 million for the Reporting Period and net cash outflow used in the Group's financing activities amounted to approximately RMB34.8 million for the Corresponding Period of the Previous Year.

The total bank and other borrowings of the Group increased from approximately RMB126.8 million as at 31 December 2022 to approximately RMB133.9 million as at 31 December 2023. The increase was mainly attributable to the increased efficiency in the use of funds during the Reporting Period.

As at 31 December 2023, the Group had current assets of approximately RMB527.3 million (as at 31 December 2022: approximately RMB352.9 million) and current liabilities of approximately RMB408.2 million (as at 31 December 2022: approximately RMB318.2 million). The current ratio (which is calculated by dividing current assets by current liabilities) slightly increased to approximately 1.29 as at 31 December 2023 from approximately 1.11 as at 31 December 2022.

Bank balances and cash of the Group as at 31 December 2023 were mainly denominated in Renminbi ("**RMB**") and Hong Kong Dollar ("**HKD**").

FOREIGN EXCHANGE EXPOSURE

The Group is 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 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 the 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 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 borrowings. Bank and other borrowings 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 2023, bank borrowings of RMB12,500,000 (2022: RMB29,500,000) are secured by the buildings with carrying amount of RMB22,847,000 (2022: RMB25,333,000).

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 88.3% and 0.1% as at 31 December 2022 and 2023, respectively. Such decrease was mainly attributable to the significant increase in the Group's bank balances and cash at the end of the year to offset total debts.

CONTINGENCIES

As at 31 December 2023, the Directors were not aware of any significant events that would have resulted in material contingent liabilities.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: Nil).

DISTRIBUTABLE RESERVES

As at 31 December 2023, based on the financial information, the Company's reserves available for distribution to equity holders, comprising the share premium and accumulated loss, amounted to approximately RMB31.2 million (as at 31 December 2022: approximately RMB36.2 million).

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, revenue generated from the Group's five largest customers accounted for approximately 17.9% (2022: 13.8%) of the Group's total revenue and the revenue from the largest customer included therein accounted for approximately 8.3% (2022: 6.2%) of the Group's total revenue.

For the Reporting Period, supplies provided by the Group's five largest suppliers accounted for approximately 44.0% (2022: 28.1%) of the Group's total cost of sales and supplies provided by the largest supplier included therein accounted for approximately 14.1% (2022: 9.1%) 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.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had a total of 1,260 employees (as at 31 December 2022: 785 employees).

The Group has formulated its emolument policy which sets out the basis for the remuneration of the employees and their remuneration structure comprising basic wage, allowances, benefits, and others, and grants employees 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.

Further details of the remuneration policies for the Directors will be set out in the 2023 annual report of the Company.

SHARE AWARD PLANS AND SHARE OPTION SCHEME

In order to recognise and reward the contribution of certain eligible participants to the growth and development of the Group, the Company adopted a share award plan on 24 March 2014 (the "**2014 Share Award Plan**") and it has been terminated on 29 December 2023.

In order to comply with the requirements of the Chapter 17 of the Listing Rules which has become effective on 1 January 2023 (the "**New Chapter 17**"), the Company adopted 2022 share award plan (the "**2022 Share Award Plan**") on 8 December 2022.

Pursuant to 2022 Share Award Plan, the Board has resolved on 10 January 2023 to award an aggregate of 74,471,230 awarded shares (the "**2023 First Half Year Awarded Shares**") at nil consideration to sixty-eight selected participants, including the conditional grant of 39,338,200 awarded shares (the "**Conditional Grant**") to Mr. Li Liang (an executive Director) which was approved by the independent shareholders of the Company at the extraordinary general meeting held on 27 February 2023. In addition, the Board has resolved on 31 August 2023 to award an aggregate of 5,411,330 awarded shares (the "**2023 Second Half Year Awarded Shares**") at nil consideration to eighty selected participants. Subject to the satisfaction of the vesting criteria and conditions of the 2022 Share Award Plan, the 2023 First Half Year Awarded Shares and 2023 Second Half Year Awarded Shares shall be transferred from Tricor Trust (Hong Kong) Limited to the selected participants upon expiry of the respective vesting period.

Save as disclosed above, no other awarded shares were granted by the Company during the Reporting Period under the 2014 Share Award Plan and 2022 Share Award Plan.

Further details of the 2014 Share Award Plan and the 2022 Share Award Plan will be set out in the 2023 annual report of the Company.

SIGNIFICANT INVESTMENT, ACQUISITION AND DISPOSAL

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

EVENTS AFTER THE REPORTING PERIOD

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

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
Revenue	4	**1,074,335**	425,606
Cost of sales	5	**(507,425)**	(227,358)
Gross profit		**566,910**	198,248
Other gains (losses), net	4	**8,875**	(3,813)
Selling expenses	5	**(261,678)**	(70,860)
Administrative expenses	5	**(173,646)**	(107,847)
Loss allowance on trade receivables		**(6,833)**	(92)
Reversal of loss allowance (Loss allowance) on other receivables		**1,800**	(1,800)
Change in fair value of contingent consideration receivable	11(ii)	**17,325**	–
Write-down of inventories		**(6,972)**	(8,452)
Operating profit		**145,781**	5,384
Finance costs, net	6	**(13,336)**	(11,590)
Share of results of an associate		**7,074**	150
Profit (Loss) before income tax		**139,519**	(6,056)
Income tax expense	7	**(25,548)**	(10,335)
Profit (Loss) for the year		**113,971**	(16,391)
Profit (Loss) attributable to:			
Owners of the Company		**119,462**	(9,207)
Non-controlling interests		**(5,491)**	(7,184)
		113,971	(16,391)
		RMB cents	*RMB cents*
Basic earnings (loss) per share	8	**9.05**	(0.80)
Diluted earnings (loss) per share	8	**8.65**	(0.80)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
Profit (Loss) for the year	**113,971**	(16,391)
Other comprehensive income (loss)		
Item that may be reclassified subsequently to profit or loss:		
Currency translation differences	**1,043**	(3,351)
Item that may not be reclassified subsequently to profit or loss:		
Currency translation differences	**–**	(2)
Total other comprehensive income (loss) for the year	**1,043**	(3,353)
Total comprehensive income (loss) for the year	**115,014**	(19,744)
Total comprehensive income (loss) attributable to:		
Owners of the Company	**120,505**	(12,560)
Non-controlling interests	**(5,491)**	(7,184)
	115,014	(19,744)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2023

	Notes	2023 *RMB'000*	2022 *RMB'000*
Assets			
Non-current assets			
Property, plant and equipment		**35,055**	30,811
Goodwill	*9*	**80,112**	–
Intangible assets	*10*	**12,110**	5,598
Right-of-use assets		**29,310**	16,302
Trade and other receivables	*11*	**10,260**	9,659
Interest in an associate		**38,682**	31,608
Deferred income tax assets		**11,776**	–
Long-term bank deposits		**10,000**	–
Total non-current assets		**227,305**	93,978
Current assets			
Inventories		**66,794**	64,361
Other current assets		**38,901**	19,605
Trade and other receivables	*11*	**271,567**	217,142
Pledged bank deposits		**484**	892
Bank balances and cash		**149,536**	50,928
Total current assets		**527,282**	352,928
Total assets		**754,587**	446,906
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	*12*	**11,363**	10,667
Share premium		**330,273**	330,273
Other reserves		**44,081**	(47,479)
Accumulated losses		**(88,204)**	(200,166)
		297,513	93,295
Non-controlling interests		**4,197**	9,688
Total equity		**301,710**	102,983

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Liabilities			
Non-current liabilities			
Bank and other borrowings	*13*	**35,644**	17,859
Deferred income tax liabilities		**2,753**	–
Lease liabilities		**6,295**	7,908
Total non-current liabilities		**44,692**	25,767
Current liabilities			
Contract liabilities		**32,908**	14,670
Trade and other payables	*14*	**223,713**	169,168
Current income tax liabilities		**33,048**	17,356
Bank and other borrowings	*13*	**98,244**	108,965
Lease liabilities		**20,272**	7,997
Total current liabilities		**408,185**	318,156
Total liabilities		**452,877**	343,923
Total equity and liabilities		**754,587**	446,906

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**").

Pursuant to the special resolution passed at the extraordinary general meeting on 19 June 2023, the English name of the Company was changed from "Century Sage Scientific Holdings Limited" to "Be Friends Holding Limited" and adopted "交個朋友控股有限公司" as the dual foreign name in Chinese of the Company in place of "世紀睿科控股有限公司" with effect from 20 June 2023. The Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 4 July 2023 confirming the registration of the new English and Chinese name of the Company in Hong Kong under Part 16 of the Companies Ordinance.

Starlink Vibrant Holdings Ltd., a company incorporated in the British Virgin Islands (the "**BVI**") and wholly owned by the chairman of the board of directors of the Company, Mr. Li Jun, holds 23.25% of the Company's shares issued as at 31 December 2023.

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; (ii) application solutions; (iii) sales of self-developed products; and (iv) system maintenance services, for the all-media industry in the People's Republic of China (the "**PRC**"). The Group has operations mainly in 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 applicable 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.

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for contingent consideration receivable, which are measured at fair value.

(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 2022 consolidated financial statements except for the adoption of the following new/amended HKFRSs that are relevant to the Group and effective from the current year:

Amendments to HKAS 1	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform — Pillar Two Model Rules

Amendments to HKAS 1: Disclosure of Accounting Policies

The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies.

The amendments have no effect on the measurement, recognition or presentation of any items in the consolidated financial statements. Management has reviewed the disclosure of accounting policy information and considered it is consistent with the amendments.

Amendments to HKAS 8: Definition of Accounting Estimates

The amendments clarify how companies should distinguish changes in accounting policies from changes in accounting estimates.

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

Amendments to HKAS 12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of HKAS 12 so that it no longer applies to transactions that, on recognition, give rise to equal taxable and deductible temporary differences.

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

Amendments to HKAS 12: International Tax Reform — Pillar Two Model Rules

The amendments provide entities with temporary relief from accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development's Pillar Two model rules. The amendments also introduce targeted disclosure requirements to help investors understand an entity's exposure to income taxes arising from the rules.

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/amended HKFRSs that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current [1]
Amendments to HKAS 1	Non-current Liabilities with Covenants [1]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements [1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback [1]
Amendments to HKAS 21	Lack of Exchangeability [2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [3]

[1] Effective for annual periods beginning on or after 1 January 2024
[2] Effective for annual periods beginning on or after 1 January 2025
[3] 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/amended HKFRSs. So far the management is of the opinion that the adoption of the new/amended HKFRSs will not have any significant impact on the consolidated financial statements.

3. 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.

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 assesses the performance of the operating segments mainly based on profit (loss) 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.

Consequently, the comparative segment information for the year ended 31 December 2022 has been represented in order to conform with the presentation adopted in current year. The changes in the segment information do not have any impact on the Group's consolidated financial statements.

There was no significant inter-segment revenue during the years ended 31 December 2023 and 2022.

The segment information provided to the CODM for the reportable segments during the year is as follows:

For the year ended 31 December 2023

	New media services *RMB'000*	Television broadcasting business *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Reportable segment revenue (from external customers)	**988,732**	**85,603**	**–**	**1,074,335**
Reportable segment profit (loss)	**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 reportable segment profit (loss):				
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)**

For the year ended 31 December 2022 (Represented)

	New media services *RMB'000*	Television broadcasting business *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Reportable segment revenue (from external customers)	302,511	123,095	–	425,606
Reportable segment profit (loss)	29,999	(26,605)	(19,785)	(16,391)
Other information				
Segment assets	181,553	265,139	214	446,906
Segment liabilities	91,626	250,493	1,804	343,923
Additions to non-current segment assets during the year				
— Additions to property, plant and equipment	4,044	771	–	4,815
— Additions to intangible assets	2,308	53	–	2,361
— Additions to right-of-use assets	16,846	426	–	17,272
Amounts included in reportable segment profit (loss):				
Loss allowance on trade receivables	–	(92)	–	(92)
Loss allowance on other receivables	–	(1,800)	–	(1,800)
Share of results of an associate	–	150	–	150
Gain on disposal of a subsidiary	–	5,560	–	5,560
Change in fair value on financial assets at FVPL	–	–	(12,139)	(12,139)
Share-based payment in respect of share awards	(23,422)	–	–	(23,422)
Depreciation of property, plant and equipment	(3,431)	(519)	–	(3,950)
Depreciation of right-of-use asset	(2,150)	(2,108)	–	(4,258)
Amortisation of intangible assets	(1,196)	(2,002)	–	(3,198)
Amortisation of deferred day-one loss	–	–	(6,546)	(6,546)
Write-down of inventories	–	(8,452)	–	(8,452)
Leases expenses under short term leases	(228)	(2,051)	–	(2,279)
Finance costs (excluding net foreign exchange gain)	–	(11,878)	(2,536)	(14,414)
Interest income on short-term bank deposits	163	67	–	230

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 2023 and 2022.

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:

	2023	2022
	RMB'000	*RMB'000*
The PRC	**1,071,874**	418,698
Hong Kong	**1,970**	6,908
Others	**491**	–
	1,074,335	425,606

	As at 31 December	
	2023	2022
	RMB'000	*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	**156,319**	52,022
Hong Kong	**268**	689
	156,587	52,711

4. REVENUE AND OTHER GAINS (LOSSES), NET

Revenue represents the net invoiced value of services provided or goods sold, after allowances for returns and trade discounts, during the year.

An analysis of the Group's revenue by type is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15:		
New media services	**988,732**	302,511
Application solutions	**48,028**	73,962
Sales of self-developed products	**23,078**	35,540
System maintenance services	**14,497**	13,593
	1,074,335	425,606
Timing of revenue recognition		
At a point in time	**1,059,838**	412,013
Over time	**14,497**	13,593
	1,074,335	425,606

The revenue from contracts with customers within HKFRS 15 is based on fixed price.

	2023	2022
	RMB'000	*RMB'000*
Other gains		
Gain on disposal of a subsidiary	**–**	5,560
Government grants	**4,000**	214
Value added tax refund	**5,273**	2,527
Others	**31**	25
Other gains	**9,304**	8,326
Other losses		
Fair value losses on financial assets at FVPL	**–**	(12,139)
Loss on disposal of property, plant and equipment	**(224)**	–
Others	**(205)**	–
Other losses	**(429)**	(12,139)
Other gains (losses), net	**8,875**	(3,813)

5. EXPENSES BY NATURE

	2023	2022
	RMB'000	*RMB'000*
Cost of services	**449,769**	140,046
Employee benefits expenses	**352,819**	134,388
Costs of inventories*	**50,446**	81,206
Depreciation expenses of right-of-use assets	**14,657**	4,258
Travelling and transportation expenses	**11,851**	3,470
Office expenses	**10,505**	5,613
Depreciation expenses of property, plant and equipment	**8,254**	3,950
Amortisation expenses of intangible assets *(note 10)*	**7,625**	3,198
Advertising and promotion	**7,134**	364
Business development	**6,602**	1,695
Others	**5,656**	2,862
Legal fee and professional charges	**4,921**	8,592
Other transaction taxes	**4,482**	2,012
Donation	**3,000**	–
Leases expenses under short term leases	**2,096**	2,279
Auditor's remuneration	**1,850**	1,750
Servicing and agency costs	**1,082**	3,836
Amortisation of deferred day-one loss	**–**	6,546
	942,749	406,065

* Cost of inventories includes RMB1,846,000 (2022: RMB1,877,000) relating to employee benefits expenses.

6. FINANCE COSTS, NET

	2023	2022
	RMB'000	*RMB'000*
Finance income		
— Interest income on long-term bank deposits	**160**	–
— Interest income on short-term bank deposits	**973**	230
	1,133	230
Finance costs		
— Interest expenses on bank and other borrowings	**(12,186)**	(11,092)
— Interest expenses on amount due to a related company/a shareholder	**(534)**	(430)
— Interest expenses on convertible bonds	**–**	(2,298)
— Interest expenses on lease liabilities	**(1,013)**	(238)
— Interest expenses on amounts due to a director	**(514)**	(356)
— Net foreign exchange (loss) gain	**(222)**	2,594
	(14,469)	(11,820)
Finance costs, net	**(13,336)**	(11,590)

7. INCOME TAX EXPENSE

	2023 *RMB'000*	2022 *RMB'000*
PRC enterprise income tax ("**EIT**")		
— Current income tax	**42,109**	13,156
— Over-provision in prior years	**(4,785)**	(2,821)
	37,324	10,335
Deferred income tax	**(11,776)**	–
Income tax expense	**25,548**	10,335

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 year ended 31 December 2023 (2022: 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% (2022: 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* (《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.

* *For identification only*

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.

8. EARNINGS (LOSS) PER SHARE

The calculation of basic and diluted earnings (loss) per share is based on the following data:

		2023	2022
		RMB'000	*RMB'000*
Numerator			
Earnings (Loss) attributable to owners of the Company and used in computing basic and diluted earnings (loss) per share		**119,462**	(9,207)
	Notes	***'000 shares***	*'000 shares*
Denominator			
Weighted average number of ordinary shares in issue less shares held under the share award scheme during the year for the purpose of calculating basic earnings (loss) per share	*(a)*	**1,320,318**	1,151,978
Effect of dilutive potential ordinary shares:			
Unvested share award	*(b)*	**60,562**	–
Weighted average number of ordinary shares used in computing diluted earnings (loss) per share		**1,380,880**	1,151,978
		2023	2022
		RMB cents	*RMB cents*
Basic earnings (loss) per share		**9.05**	(0.80)
Diluted earnings (loss) per share		**8.65**	(0.80)

Notes:

(a) The weighted average number of ordinary shares in issue during the years ended 31 December 2023 and 2022 excluding ordinary shares held for the share award scheme.

(b) The computation of diluted loss per share for the year ended 31 December 2022 did not assume the vesting of the Company's outstanding share awards as that would increase the loss per share for the year presented.

9. GOODWILL

	2023
	RMB'000
Reconciliation of carrying amount	
At the beginning of the year	–
Acquisition of a subsidiary *(note 16)*	**80,112**
As at 31 December	**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.

10. INTANGIBLE ASSETS

	Cooperation agreement	Media accounts	Computer software	Customer relationships	Technical know-how	Development costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reconciliation of carrying amount — year ended 31 December 2022							
As at 1 January 2022	–	–	6,161	1,039	27	–	7,227
Addition	–	–	2,361	–	–	–	2,361
Disposal of a subsidiary	–	–	–	(792)	–	–	(792)
Amortisation	–	–	(2,924)	(247)	(27)	–	(3,198)
As at 31 December 2022	–	–	5,598	–	–	–	5,598
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 *(note 16)*	**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**
As at 31 December 2022							
Cost	–	–	18,132	–	–	202	18,334
Accumulated amortisation	–	–	(12,534)	–	–	(202)	(12,736)
Net book value	–	–	5,598	–	–	–	5,598
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**

Amortisation expense of RMB7,625,000 (2022: RMB3,198,000) for the year ended 31 December 2023 has been charged in administrative expenses.

11. TRADE AND OTHER RECEIVABLES

	Notes	**2023**	2022
		RMB'000	*RMB'000*
Trade receivables			
— from third parties		**283,875**	200,022
— from an associate		**1,742**	3,667
	(i)	**285,617**	203,689
Less: provision for impairment of trade receivables		**(57,028)**	(50,195)
Trade receivables, net		**228,589**	153,494
Other receivables			
Deposit for guarantee certificate over tendering and performance		**5,551**	39,809
Deposit paid for acquisition of a subsidiary		**16,934**	16,934
Cash advance to employees		**4,022**	4,650
Contingent consideration receivable	*(ii)*	**17,325**	–
Due from related parties	*(iii)*	**18,195**	6,047
Receivable from disposal of a subsidiary	*(iv)*	**3,602**	3,602
Amount due from a third party	*(v)*	**–**	7,000
Other deposits paid		**2,145**	5,305
Others		**2,398**	8,694
		70,172	92,041
Less: provision for impairment of deposits paid for acquisition of a subsidiary		**(16,934)**	(16,934)
Less: provision for impairment of other receivables		**–**	(1,800)
		(16,934)	(18,734)
Other receivables, net		**53,238**	73,307
Total trade and other receivables		**281,827**	226,801
Less: Non-current portion			
Receivable from disposal of a subsidiary	*(iii)*	**3,602**	3,602
Other deposits paid		**4,156**	4,027
Trade receivables — third parties	*(i)*	**2,556**	2,084
Less: provision for impairment of trade receivables		**(54)**	(54)
Non-current portion		**10,260**	9,659
Current portion		**271,567**	217,142

As at 31 December 2023 and 2022, the fair values of trade and other receivables of the Group approximate their carrying amounts.

Notes:

(i) 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:

	2023	2022
	RMB'000	*RMB'000*
Up to 3 months	**140,186**	81,240
Over 3 months but less than 6 months	**10,221**	9,237
Over 6 months but less than 1 year	**37,973**	19,981
Over 1 year but less than 2 years	**20,937**	27,577
Over 2 years but less than 3 years	**13,552**	14,778
Over 3 years	**62,748**	50,876
	285,617	203,689

The Group applies simplified approach to measuring ECL which uses a lifetime expected loss allowance for all trade receivables.

(ii) The amount represented contingent receivable for disposal of Beijing Evertop Sports Culture Media Co., Ltd. ("**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 available financial information of Beijing Evertop, the management estimate that Beijing Evertop has met the Target Profits during the Third Revised Profit Guarantee Period. As such, there was a change in fair value of the contingent consideration receivable of RMB17,325,000 during the year ended 31 December 2023 (2022: Nil).

(iii) The amounts due are unsecured, interest-free and repayable on demand.

Details of amounts due from related companies are as follows:

		As at 31 December		Maximum amount During the year ended 31 December	
		2023	2022	**2023**	2022
	Notes	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
北京世紀睿科工程技術有限公司	(a)	**10,316**	5,071	**10,316**	5,071
北京格非信息技術有限公司	(b)	**7,879**	976	**7,879**	1,487
		18,195	6,047		

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 companies.

(iv) The amount due is unsecured, interest-free and repayable on or before 29 April 2027.

(v) The amount due was unsecured, interest bearing of 1% per annum and wholly repaid during the year.

12. SHARE CAPITAL

	Number of ordinary shares	Nominal value of ordinary shares *HKD'000*
Authorised:		
Ordinary shares of HKD0.01 each		
As at 1 January 2022, 31 December 2022, 1 January 2023 and **31 December 2023**	5,000,000,000	50,000

Ordinary shares of HKD0.01 each, issued and fully paid:

	Number of ordinary shares	Nominal value of ordinary shares *HKD'000*	Equivalent nominal value of ordinary shares *RMB'000*
Balance as at 1 January 2022	1,089,883,169	10,899	8,694
Issue of new shares for the Share Award Plan	17,040,000	170	139
Conversion of convertible bonds	204,347,826	2,043	1,834
Balance as at 31 December 2022 and 1 January 2023	**1,311,270,995**	**13,112**	**10,667**
Issue of new shares for the Share Award Plan	**79,570,168**	**796**	**696**
Balance as at 31 December 2023	**1,390,841,163**	**13,908**	**11,363**

13. BANK AND OTHER BORROWINGS

	Notes	**2023** ***RMB'000***	2022 *RMB'000*
Bank borrowings, unsecured and guaranteed	*(a)*	**20,483**	11,091
Bank borrowings, secured and guaranteed	*(b)*	**12,500**	29,500
Bank borrowings, unsecured and unguaranteed	*(c)*	**11,747**	7,000
Other borrowings, unsecured and guaranteed	*(d)*	**–**	9,165
Other borrowings, unsecured and unguaranteed	*(e)*	**89,158**	70,068
		133,888	126,824
Non-current		**35,644**	17,859
Current		**98,244**	108,965
		133,888	126,824

Notes:

(a) Bank borrowings, unsecured and guaranteed

The bank borrowings are unsecured, bear interest (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 (2022: (i) at fixed rate of 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 RMB6,000,000 (2022: RMB10,000,000) are guaranteed by non-controlling shareholders of a subsidiary, which are wholly repayable within one year.

The bank borrowings of RMB833,000 (denominated in New Taiwan dollar) (2022: RMB1,091,000) are guaranteed by Mr. Lo and a director of a subsidiary and repayable in December 2026.

The bank borrowings of RMB3,650,000 (2022: RMBNil) 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 remaining bank borrowings of RMB10,000,000 (2022: RMBNil) are guaranteed by an independent third party, Beijing Zhongguancun Sci-Tech Financing Guaranty Co., Ltd., 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 (2022: at the prevailing interest rate of LPR in the PRC).

The bank borrowings are secured by the buildings with carrying amount of RMB22,847,000 (2022: RMB25,333,000) and are guaranteed by an independent third party, Beijing Zhongguancun Sci-Tech Financing Guaranty Co., Ltd. (2022: 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 3.85% to 15.01% per annum (2022: at fixed rates ranging from 3.5% to 4.25% per annum).

As at 31 December 2023, amount of RMB3,000,000 (2022: RMB7,000,000) included in the balance are repayable within one year and classified as current liabilities. The remaining balance of RMB8,747,000 (2022: RMBNil) is repayable during June 2025 to October 2026.

(d) Other borrowings, unsecured and guaranteed

The other borrowings were unsecured, bore interest at fixed rate of 2% per month, guaranteed by a non-controlling shareholder of a subsidiary and a related company. The borrowings was repaid during the year.

(e) Other borrowings, unsecured and unguaranteed

The other borrowings are unsecured, bear interest (i) at rates ranging from 1% to 12% per annum; or (ii) at rates ranging from 2% to 3% per month (2022: at rates ranging from 1% to 12% per annum).

An amount of RMB2,390,000 was repaid during the year and the repayment date of the remaining balance of RMB50,910,000 has been extended to 31 December 2024.

The other borrowings of RMB12,184,000 (2022: RMBNil) are wholly repayable within one year.

The remaining other borrowings of RMB16,064,000 (2022: RMB16,768,000) (denominated in JPY) and RMB10,000,000 (2022: RMBNil) (denominated in RMB) is repayable in June 2025 and January 2028 respectively.

14. TRADE AND OTHER PAYABLES

	Notes	**2023** **RMB'000**	2022 RMB'000
Trade payables			
— to third parties		**93,501**	51,663
— to an associate		**11,586**	12,894
	(a)	**105,087**	64,557
Other payables			
Other taxes payables		**15,784**	24,424
Employee benefits payables		**46,363**	31,856
Due to an associate	*(b)*	**623**	3,651
Due to a director	*(c)*	**2,668**	4,477
Due to a related company/a shareholder	*(d)*	**9,710**	9,710
Accrual for professional service fees		**1,850**	1,750
Accrual for operating expenses		**5,356**	1,151
Interest payables		**22,781**	16,736
Loans from third parties	*(e)*	**8,500**	8,500
Others		**4,991**	2,356
		118,626	104,611
		223,713	169,168

Notes:

(a) The credit period of trade payables is normally within 60 days (2022: 60 days). The ageing analysis of the trade payables based on invoice date is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**63,913**	27,581
Over 3 months but within 6 months	**18,233**	6,475
Over 6 months but within 1 year	**177**	2,496
Over 1 year but within 2 years	**5,346**	14,871
Over 2 years but within 3 years	**5,919**	7,351
Over 3 years	**11,499**	5,783
	105,087	64,557

(b) The amounts due to Beijing Evertop are unsecured, interest-free and repayable on demand.

(c) The balance represents the amounts due to Mr. Lo. As at 31 December 2023, the balance is unsecured, bear interest at rate of 5.25% per annum (2022: except for balance of RMB912,000 which is interest free and remaining balance bear interest at rate of 5.25%) and repayable on demand.

(d) The balance represents the amount due to Cerulean Coast Limited, a company wholly-owned by Mr. Lo. As at 31 December 2023, the balance is unsecured, bears interest at rate of 5.25% per annum (2022: except for balance of RMB2,299,000 which is interest free and remaining balance bear interest at rate of 5.25%) and repayable on demand.

(e) The loans are unsecured, interest-free and repayable within one year.

15. DIVIDENDS

The directors of the Company do not recommend payment of any final dividend for the year ended 31 December 2023 (2022: Nil).

16. BUSINESS COMBINATION

On 4 May 2023, the Group and an independent third party (the "**Vender**") entered into a share transfer agreement, pursuant to which the Group has conditionally agreed to acquire, and the Vender has conditionally agreed to sell entire equity interests in Beijing Be Friends Digital Technology Company Limited and its subsidiaries (the "**Beijing Be Friends DT Group**") at a consideration of RMB50,000,000 ("**Beijing Be Friends DT Group Acquisition**"). Upon the completion of Beijing Be Friends DT Group Acquisition in May 2023, the Group held entire equity interests in Beijing Be Friends DT Group and Beijing Be Friends DT Group became an indirect wholly owned subsidiary of the Group.

Beijing Be Friends DT Group is principally engaged in the providing new media services and owns several media accounts on the Douyin online platform. The directors of the Company considered that Beijing Be Friends DT Group Acquisition would strengthen the Group's new media service in terms of ecological capability and brand influence.

The following summarises the consideration paid and the amounts of the assets acquired and liabilities assumed at the date of acquisition:

	RMB'000
Initial consideration	
Cash consideration	50,000
Total consideration	**50,000**
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Intangible assets *(note 10)*	11,010
Trade and other receivables^	1,238
Bank balances and cash	971
Trade and other payables	(40,578)
Deferred income tax liabilities	(2,753)
Total identifiable net liabilities	(30,112)
Goodwill *(note 9)*	80,112
Total consideration	**50,000**
Net cash outflow on acquisition of subsidiaries	
Cash consideration paid	**(50,000)**
Bank balances and cash acquired from the subsidiaries	**971**
	(49,029)
Acquisition-related costs	**–**

^ The fair value of trade and other receivables at the date of acquisition amounted to RMB1,238,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB1,238,000 at the date of acquisition, of which no balance is expected to be uncollectible.

The goodwill is attributable to the economies of scale expected to arise after the Group's acquisitions. 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.

OTHER INFORMATION

Corporate Governance

Throughout the Reporting 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**") as its own code of corporate governance.

The Directors consider that the Company had complied with all the applicable code provisions of the CG Code during the Reporting Period, save as the following:

— Under the code provision C.2.1 of Part 2 of the CG code, 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 roles of the chairman of the Board and the chief executive officer of the Group was not separated and was performed by the same individual, Mr. Lo Chi Sum during the period from 1 January 2023 to 18 June 2023. During such period, the Directors met regularly to considered major matters affecting the operations of the Group. As such, the Directors considered that this structure did not impair the balance of power and authority between the Directors.

  On 19 June 2023, Mr. Li Jun, the executive Director, was appointed as the chairman of the Board. Since that date, the Group has complied with all applicable provisions of the CG Code.

Model Code For Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions 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 Model Code and the Company's code of conduct regarding Directors' securities transactions during the Reporting Period.

Scope of Work of Auditor

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this preliminary results announcement have been agreed by the Group's auditor, Mazars CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2023. The work performed by Mazars CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Mazars CPA Limited on this preliminary results announcement.

Publication

This final results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.befriends.com.cn) respectively. The 2023 annual report of the Company will be made available to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company and dispatched to the shareholders of Company (when necessary) in due course.

By order of the Board
Be Friends Holding Limited
Li Jun
Chairman

Hong Kong, 26 March 2024

As at the date of this announcement, the executive Directors are Mr. Li Jun, Mr. Lo Chi Sum, Mr. Li Liang and Ms. Zhao Hui Li; and the independent non-executive Directors are Mr. Ma Zhan Kai, Dr. Yu Guo Jie and Mr. Kong Hua Wei.