

2025

ANNUAL REPORT



Be Friends Holding Limited

交個朋友控股有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 01450

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Liang (李亮)
(Chairman and Chief Executive Officer)
Mr. Li Jun (李鈞)
Ms. Zhao Hui Li (趙慧利)

Independent Non-Executive Directors

Mr. Kong Hua Wei (孔華威)
(Lead Independent Non-Executive Director)
Mr. Ma Zhan Kai (馬占凱)
Dr. Yu Guo Jie (余國杰)

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)
Ms. Zhao Hui Li
Mr. Kong Hua Wei

INVESTMENT COMMITTEE

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

COMPANY SECRETARY

Ms. Chan Sze Ting (FCG, HKFCG)

AUTHORISED REPRESENTATIVES

Ms. Zhao Hui Li
Ms. Chan Sze Ting

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Office 1202A, 12/F
Keybond Commercial Building
38 Ferry Street
Kowloon
Hong Kong

AUDITOR

Forvis Mazars CPA Limited
Certified Public Accountants and
Registered Public Interest Entity Auditor

LEGAL ADVISERS TO THE COMPANY AS TO HONG KONG LAW

King & Wood

CAYMAN ISLANDS SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

China Merchants Bank Co., Ltd.

STOCK CODE

1450

WEBSITE AND CONTACT

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CHAIRMAN'S STATEMENT

Dear Shareholders,

The board of Director is hereby pleased to present the annual report of Be Friends Holding Limited (the “**Company**”) and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025, and to review with you the Group’s progress over the past year and its outlook for the future.

The Group is a leading live-streaming e-commerce organization in China, committed to leveraging its video technologies and services to expand its capabilities in the new media market and drive the continuous evolution of its business through innovation.

STAYING COMMITTED TO THE LONG-TERM MINDSET AMID CHANGE

In 2025, the live-streaming e-commerce industry underwent a profound restructuring as traffic costs continued to rise, platform rules evolved rapidly, and consumers became increasingly cautious. For enterprises operating in this space, this presented both a challenge and an opportunity for industry development. Only those with genuine core capabilities and a commitment to long-term value could navigate these changes with confidence.

Facing a changing external environment, we have always believed that true value lies not in chasing every trend, but in the ability to remain standing after the trend has faded. Over the past year, the Group has maintained steady growth in scale, but more important than the numbers is our commitment to a long-term mindset. We are more focused than ever on the health of our business, the trust of our users, and the sustainability of our organization. We are well aware that only with a solid foundation can we move forward steadily and achieve long-term success.

FROM LIVE-STREAMING E-COMMERCE TO AI-DRIVEN NEW RETAIL

Looking back at the Group’s growth trajectory, we have consistently sought new possibilities through self-iteration. From our initial reliance on personal IPs, to matrix operations, and on to the standardized replication of multi-streaming channels, each leap forward stemmed from profound insights of the industry’s fundamentals and the courage to step outside our comfort zone. In 2025, we took another pivotal step, shifting our strategic focus fully to AI and technology-driven new retail.

This year, we came to deeply realize that AI is not merely a nice-to-have tool, but a core variable that reshapes business models. It previously independent processes (such as content creation, product recommendations, user engagement, and compliance and risk management) into a cohesive network, gradually shifting decision-making from experience-based judgment to data-driven precision. We believe that future competition in retail will no longer hinge on the number of live-streaming channels, but rather on the depth of technology and the richness of data. Based on this conviction, we never cease our investments in AI, and we are already seeing these investments translate into tangible operational efficiency and business value.

CORE BUSINESS AND USER TRUST GO HAND IN HAND

While advancing our AI strategy, we have never wavered in our commitment to refining our core business. Our multi-vertical, multi-scenario live-streaming strategy enables us to meet consumers’ diverse needs around the clock, while also making the Group’s revenue structure more diversified and resilient. Whether in beauty, home furnishings, electronics, or food and beverages, we developed differentiated content and operational capabilities across multiple categories. This provides a solid foundation for us to weather fluctuations in any single category and maintain sound overall growth.

CHAIRMAN'S STATEMENT

More importantly, we have always regarded user trust as the enterprise's most valuable asset. Over the past year, we continuously strengthened our efforts in quality control and traceability, advertising standards, and after-sales service. Through the establishment of systematic mechanisms, we ensured that "Be Friends" is not merely a trading platform, but a choice you can trust. We fully understand that in an era of high information transparency, trust is built over time, yet can be lost in an instant. Therefore, we approach every product selection, every live stream, and every piece of user feedback with the utmost caution. We continuously refine our supplier access mechanism, establish rapid response channels for user complaints, and embed compliance and trust as core capabilities within our organization.

LOOKING AHEAD: WITH TECHNOLOGY AS OUR WINGS AND TRUST AS OUR ANCHOR

Looking ahead to 2026, we will continue to deepen the integration of AI capabilities with our core business, enabling technology to better enhance product selection efficiency, content creation, and user experience. At the same time, we will continue to leverage the consumer data we have accumulated over the years to drive precise matching between products and users, helping our partners reach their target audiences more effectively. Ultimately, these efficiency gains will benefit both consumers and brands. While we, as the connector, will create our own long-term value in the process.

In terms of our business structure, we will gradually optimize our revenue mix to more clearly demonstrate the synergistic value of our three core segments: live-streaming e-commerce, new media operations, and AI marketing. We believe that a clear business framework is not only essential for internal management but also serves as the foundation for building long-term trust with our shareholders. In the future, we will communicate the Group's strategic progress and business achievements to the market in a more transparent manner.

ACKNOWLEDGMENTS

Finally, on behalf of the board of directors, I would like to express my deepest gratitude to all employees for their hard work, to our customers for their trust and support, and to our shareholders for their long-standing partnership. It is your trust that has enabled us to remain steadfast amid change and move forward with confidence.

We will continue to stay true to our founding principle of "Be Friends", using technology to drive efficiency and trust to build a competitive moat, thereby creating sustainable long-term value for shareholders.

Li Liang
Chairman

26 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2025, China's live-streaming e-commerce industry had fully entered a phase of refined operations, with overall growth slowing to a moderate pace. For live-streaming e-commerce platforms, on the one hand, the cost of acquiring traffic continues to rise, placing higher demands on their ability to conduct refined operations; on the other hand, consumer demands and attitudes are undergoing profound changes, with higher expectations for the quality of live-streaming content, the value for money of products, and after-sales service. At the same time, we deeply recognise that the live-streaming e-commerce model has become deeply integrated into China's consumer market. It is not only an indispensable component of online retail but is increasingly becoming a "new type of infrastructure" that connects production with consumption and urban areas with rural regions.

During the year ended 31 December 2025 (the "**Reporting Period**" or the "**Year**"), the Group recorded revenue of approximately RMB1,548 million, representing an increase of approximately 23.8% compared to RMB1,251 million for the year ended 31 December 2024 (the "**Corresponding Period of the Previous Year**" or the "**Previous Year**"). This growth was primarily attributable to the steady expansion of our Matrix Live Channel. During the same period, net profit amounted to approximately RMB88 million, representing a year-on-year increase of 21.4%, which is a strong testament to the Group's refined operational capabilities. Adjusted net profit* amounted to approximately RMB116 million, representing a year-on-year decrease of 4.8%, which was primarily attributable to the Group's adjustment of its annual equity and cash incentive program.

Looking back, we have successfully achieved multiple strategic leaps — from being driven by "personal IP" to corporate-level standardised operations, and further to a matrix, standardised model — by leveraging Douyin and Taobao Live as its core platforms. In 2025, the Company comprehensively upgraded its strategic positioning to become an AI-driven new retail enterprise, establishing a business system that deeply integrates "content + e-commerce + AI" — using high-quality content to build user assets, leveraging efficient e-commerce to achieve a closed-loop commercial ecosystem, whilst AI serves as the underlying capability, permeating the entire business chain to ensure content reaches users more effectively and transactions are converted with greater precision, thereby creating tangible, systemic advantages. At the same time, we continue to advance refined operations, achieving in-depth coverage of consumers' round-the-clock, full-category needs through a coordinated layout across multiple verticals and scenarios. We are continuously building a compliant operational system, embedding product selection review, live-streaming content standards and after-sales services as fundamental organisational capabilities. We are not merely facilitators of e-commerce transactions; we are committed to becoming a trusted partner for a quality lifestyle.

The Group firmly believes that artificial intelligence (AI) has become the key driver reshaping the structure of the live-streaming e-commerce industry. In 2025, adopting a forward-looking perspective, we continued to increase our investment in technology, establishing a live-streaming e-commerce AI platform that covers the full chain. This platform is deeply embedded throughout the entire business process: at the front-end product selection stage, by analysing real-time consumer data and trends across the entire network, we are attempting to achieve accurate predictions of bestsellers and intelligent supply chain management, driving product selection decisions from experience-driven to data-driven "rational decision-making"; at the mid-end content production stage, AI technology significantly enhances the efficiency of live-streaming material generation and the precision of marketing content reach; in the back-end compliance and risk control phase, relying on an AI review system to automate the verification of qualifications, product efficacy and live-streaming content, thereby significantly improving compliance management efficiency amidst a vast and complex array of SKUs. More importantly, we have not stopped at internal efficiency gains, but are committed to transforming our accumulated AI capabilities into service offerings available to external clients. We firmly believe that our in-depth strategic deployment of AI not only builds a moat for the Company's current operations but also lays a solid foundation for opening up a second growth curve in the future.

* 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 annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

Whilst continuing to refine our “Matrix Live Channel”, we successfully resolved the structural contradiction between “expanding the number of live streaming rooms and improving their quality” during the Reporting Period — optimising the output efficiency of Matrix Live Channel, consolidating underperforming channels, and concentrating resources to build leading vertical-category matrices; through the deep integration of algorithmic recommendations and demand insight technologies, we have achieved precise identification and matching of vertical user groups, creating differentiated content scenarios and interactive experiences for consumers across different segments. By strengthening real-time data feedback mechanisms and dynamically optimising product curation strategies and visual presentation, we have achieved a dual improvement in market penetration efficiency and user retention. Concurrently, we have established a replicable supply chain management system to ensure product quality and timely fulfilment; we have built a systematic talent development pipeline for live streamers, transforming individual capabilities into organisational strengths; we have also refined a sophisticated operational middle-office system to support high-concurrency collaboration across multiple live streams. As a result, the Company’s Matrix Live Channel has become a key driver of the Group’s GMV and revenue growth in 2025, demonstrating robust business resilience and the underlying capabilities for sustainable growth.

During the Year, the Group consistently treated compliance as a redline for corporate development. Addressing the characteristics of the live-streaming e-commerce industry, namely, a vast number of SKUs and rapidly evolving information, we developed an AI review system to automate the screening and multi-verification of product efficacy, advertising claims and risk warnings. Concurrently, we conducted regular legal and regulatory training for staff to enhance compliance awareness; we established a millisecond-level AI compliance risk control system to enable real-time review of live-streaming content, effectively mitigating compliance risks.

Additionally, the Group strictly adhered to the principles of sustainable development. It signed the Shanghai Live-Streaming E-Commerce Industry Self-Discipline Convention, establishing a multidimensional risk control system involving product selection reviews, compliance training and consumer rights protection to promote industry standardisation. The Group focused on creating social value by supporting micro-, small- and medium-sized enterprises’ transformation through industrial zone partnerships and launching an “Employee Care Fund” to improve a multi-level protection plan that includes medical, accident, and mental health support, reinforcing corporate social responsibility and long-term talent competitiveness. In October 2025, we signed a Memorandum of Understanding with China Media Group for the “National Brand Project — Co-creation of Business Ecosystems” initiative, aiming to jointly build a new business ecosystem characterised by “resource sharing, value co-creation and shared responsibility”. In November 2025, we donated HKD1.00 million in emergency relief for the Tai Po fire in Hong Kong, earmarked specifically for medical treatment, temporary accommodation and transitional living support for affected residents. With its outstanding operational performance and commitment to sustainable development, the Group received prestigious awards, such as the Hangzhou Credit Management Demonstration Enterprise, Outstanding Organisation of 2025, Ecosystem Value-Creating MCN, 2025 Douyin E-commerce Specialist, 2025 China’s Best Innovation Practice Case in Consumer Goods, and Influential Digital Influencer E-commerce Agency of the Year, with its standardized governance and social value creation capabilities receiving high industry recognition.

To further establish the Group’s competitive barriers and market influence in the live-streaming e-commerce sector, the Group entered into an Equity Purchase Agreement on 5 August 2025 to acquire 100% equity interests in Hangzhou Be Friends Education Technology Co., Ltd. (“**E-commerce Academy**”), with the transaction completed in December 2025. Following the completion of the acquisition, E-commerce Academy became an indirect wholly-owned subsidiary of the Company. The Group will undertake resource integration across multiple dimensions to strengthen synergies between the two entities and create greater value for shareholders.

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE OUTLOOK

During the Year, we have maintained our operational resilience amidst a complex and volatile market environment. Looking ahead, we will remain steadfastly focused on long-term value. Whilst consolidating the foundations of our multi-platform, matrix-based and refined operations, we will fully embrace a new phase driven by AI technology, striving to become a new retail service provider powered by AI, with data as our asset and consumer trust as our cornerstone.

- We will drive matrix and refined operations from a “quantitative deployment” towards “ecosystem building”, harnessing the combined strength of live-streaming channels at different tiers to strengthen user retention and evolve the matrix into an organically coordinated network. By establishing an industrialised content production system and accumulated performance data, we will gradually optimise traffic structure. More importantly, we will consolidate this operational methodology into replicable, standardised capabilities, providing systematic support for the business’s continued expansion.
- We will continue to iterate on the “Friends Cloud” and our AI full-chain platform. Our objective is not only to enhance internal operational efficiency but also to upgrade the operational logic of “people, goods, and venue” through AI. We will prioritise the deep integration of AI capabilities with business processes, further advancing the intelligent upgrading of product selection, content and compliance, so that AI technology truly becomes the driving engine of business growth.
- We will continue to leverage our extensive consumer data to optimise the precise matching of products and users, driving product selection from experience-based judgement towards accurate prediction, and helping brands reach their target audiences more efficiently. The resulting improvements will ultimately manifest as consumers gaining access to products offering better value for money, and partners securing greater value potential.
- We will strictly adhere to industry regulations and platform rules, strengthen compliance governance, and build a robust barrier of brand trust through compliant operations to safeguard the industry’s reputation and our corporate standing. Upgrading product quality control capabilities from “point-based oversight” to “system-driven empowerment”: building upon existing supplier onboarding and random inspection mechanisms, we will systematically consolidate past product selection experience and review cases, transforming fragmented quality control knowledge into standardised internal operational guidelines and tiered management rules, thereby further embedding compliance as an organisational capability. In 2026, the Group consolidated the compliance functions previously scattered across various business units into an independent compliance department, establishing a comprehensive compliance framework. We remain steadfast in safeguarding the fundamental principles of the Company’s survival and development, ensuring steady progress in a complex and volatile market environment.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

During the Year, benefiting from the expansion of its matrix live-streaming channels and the multiplatform strategies, revenue generated from the Group's continuing operations, being the New Media Services Segment, amounted to approximately RMB1,486.5 million, representing an increase of approximately 30.6% as compared to approximately RMB1,138.1 million for the Previous Year.

Cost of services

The cost of services for the New Media Services Segment of the Group amounted to approximately RMB883.3 million, representing an increase of approximately 56.6% as compared to approximately RMB563.9 million for the Previous Year, which was primarily due to the increase in revenue of the Group's New Media Services Segment during the Year and the rising platform traffic acquisition cost, which in turn, increased the cost of services.

Gross profit and gross profit margin

The gross profit for the New Media Services Segment of the Group amounted to approximately RMB603.2 million, representing an increase of approximately 5.0% as compared to approximately RMB574.3 million for the Previous Year, and the gross profit margin for this segment decreased from approximately 50.5% for the Previous Year to approximately 40.6% for the Year, which was also due to the rising platform traffic acquisition cost.

Other gains, net

Other gains, net of the New Media Services Segment were approximately RMB23.4 million and RMB16.9 million for the Year and the Corresponding Period of the Previous Year respectively. The above mentioned variations were mainly due to the increase in government grant during the Year.

Administrative expenses

The administrative expenses of the New Media Services Segment during the Year and the Previous Year were approximately RMB158.8 million and RMB169.7 million respectively, representing a decrease of 6.4%. The decrease in administrative expenses was primarily due to the digital management upgrades in the New Media Services Segment, which leveraged digital tools to enable cross-departmental resource sharing and the reduction of waste to lower administrative expenses.

Selling expenses

The selling expenses of the New Media Services Segment during the Year and the Previous Year were approximately RMB339.2 million and RMB300.1 million respectively, representing an increase of 13.0%. The increase in selling expenses was mainly due to the increase in marketing manpower cost investment in the New Media Services Segment based on business strategy expansion, core talent reserves and compliance operation needs.

Finance (costs) income, net

During the Year, the net finance costs of the New Media Services Segment were approximately RMB0.7 million and while the net finance income for the Previous Year was approximately RMB2.1 million, representing an increase of approximately RMB2.8 million. The increase in finance costs was mainly due to the adjustment of capital demand of the New Media Services Segment as a result of business expansion and changes in the external financial market environment. In particular, the increase in interest expenses on bank and other borrowings was due to the provision of financial support for the development of core businesses. The decrease in interest income on bank deposits was the Company's decision to actively optimize capital allocation and prioritize business liquidity.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expense

During the Year and the Previous Year, income tax expense of the New Media Services Segment amounted to approximately RMB35.3 million and RMB29.1 million respectively. The increase in income tax expense was mainly due to the rise in withholding tax resulting from dividend distributions from the Chinese Mainland subsidiary to its overseas parent company.

Profit for the year from continuing operations

As a result of the aforementioned factors, the Group recorded a net profit of the New Media Services Segment of approximately RMB89.7 million and RMB94.3 million for the Year and the Previous Year, respectively. Such change was mainly due to the increase in income tax expense.

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

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

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

The following table sets forth the reconciliations of non-HKFRS financial measures of the Group for the years ended 31 December 2025 and 2024 respectively, to the nearest measures prepared in accordance with HKFRSs:

	2025 RMB'000	2024 RMB'000
Profit for the year	87,654	72,230
Adjusted for:		
Share based payment expenses	24,775	47,925
Loss on disposal of subsidiaries	2,220	–
Change in fair value of contingent consideration receivable	–	1,823
Change in fair value of financial assets at fair value through profit or loss	1,417	–
Adjusted net profit	116,066	121,978

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

Net cash inflow from the Group's operating activities amounted to approximately RMB357.9 million for the Reporting Period and net cash outflow used in the Group's operating activities amounted to approximately RMB27.6 million for the Previous Year. Such increase was mainly due to the year-on-year growth in operating revenue of the Group by expanding its vertical product category matrix and strengthening refined operations, which established the core foundation for the growth of cash inflows from operating activities. Meanwhile, the Group strengthened the collection control of downstream partners and further increased cash inflows from operating activities through measures such as shortening the settlement cycle, optimizing the reconciliation process, and establishing a collection assessment mechanism.

Net cash outflow used in the Group's investing activities amounted to approximately RMB137.0 million for the Year and net cash outflow used in the Group's investing activities amounted to approximately RMB58.4 million for the Previous Year. The increase in cash flow used in investing activities was mainly due to the Group's acquisition of subsidiaries in cash during the Reporting Period.

Net cash outflow used in the Group's financing activities amounted to approximately RMB19.9 million for the Reporting Period and net cash inflow from the Group's financing activities amounted to approximately RMB52.5 million for the Corresponding Period of the Previous Year. The net cash outflow of financing activities during the Reporting Period was mainly attributable to the reduction in bank and other borrowings.

The total bank and other borrowings of the Group decreased from approximately RMB212.1 million as at 31 December 2024 to approximately RMB60.0 million as at 31 December 2025. The decrease was mainly attributable to derecognise through the disposal of subsidiaries during the Reporting Period.

As at 31 December 2025, the Group had current assets of approximately RMB664.2 million (as at 31 December 2024: approximately RMB704.2 million) and current liabilities of approximately RMB388.3 million (as at 31 December 2024: approximately RMB470.9 million). The current ratio (which is calculated by dividing current assets by current liabilities) slightly increased to approximately 1.7 as at 31 December 2025 from approximately 1.5 as at 31 December 2024.

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

Bank balances and cash of the Group as at 31 December 2025 were mainly denominated in Renminbi ("RMB") and Hong Kong Dollar ("HKD").

MANAGEMENT DISCUSSION AND ANALYSIS

FOREIGN EXCHANGE EXPOSURE

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

The management of the Group has formulated policies to require the Group’s companies to manage their foreign exchange risk against their functional currency. The Group’s companies are required to control the exposure of the foreign currency during the business operation. Save for certain bank balances are denominated in HKD and USD, 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 with fixed interest rates. Bank borrowings carried at fixed rates expose the Group to cash flow interest rate risk which is partially offset by bank balances with variable rates. The Group has not hedged its cash flow interest rate risks.

CHARGE OVER ASSETS OF THE GROUP

As at 31 December 2025, the Group’s bank balance of RMB19.7 million was pledged for general trade facilities used (2024: bank borrowing of RMB12 million are secured by the buildings with carrying amount of RMB20.4 million and bank borrowing of RMB42.8 million are secured by the pledged bank deposits of RMB42.5 million).

GEARING POSITION

The gearing ratio, which represented net debt (total debts less long-term bank deposits, pledged bank deposits and bank balances and cash) divided by total equity multiplied by 100%, was approximately 17% as at 31 December 2024. As at 31 December 2025, the Group was in a net cash position and accordingly the gearing ratio is not applicable. This transition to a net cash position was primarily attributable to the combined effect of a decrease in bank borrowings and an increase in bank balances during the Reporting Period.

CONTINGENCIES

As at 31 December 2025, the Directors were not aware of any significant events that would have resulted in material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS

FINAL DIVIDEND

The Board recommends the payment of a final dividend of HKD0.05 per share for the year ended 31 December 2025 (2024: Nil), totaling approximately HKD70.2 million based on the number of shares issued (excluding treasury shares) as at the date hereof. The 2,550,000 shares of treasury shares of the Company held by the Company do not carry dividend. This proposed dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting.

DISTRIBUTABLE RESERVES

As at 31 December 2025, 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 RMB61.9 million (as at 31 December 2024: approximately RMB17.2 million), of which the share premium amounted to approximately RMB323.0 million.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, revenue generated from the Group's five largest customers accounted for approximately 9.5% (2024: 11.0%) of the Group's total revenue and the revenue from the largest customer included therein accounted for approximately 5.0% (2024: 5.3%) of the Group's total revenue.

For the Reporting Period, supplies provided by the Group's five largest suppliers accounted for approximately 60.2% (2024: 36.5%) of the Group's total cost of services and supplies provided by the largest supplier included therein accounted for approximately 24.7% (2024: 9.1%) of the Group's total cost of services.

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 2025, the Group had a total of 1,408 employees, including the Group's full-time, part-time, and intern staff (as at 31 December 2024: 1,475 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 2025 annual report of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

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**”) (the “**Listing Rules**”) which has become effective on 1 January 2023, the Company adopted a share award plan (the “**2022 Share Award Plan**”) on 8 December 2022.

Summary of terms

(i) Purpose and participants

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

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

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

(ii) Award of Shares and pool of awarded Shares

The total number of Shares which may be issued in respect of all options and awards to be granted under the 2022 Share Award Plan and other share schemes of the Company shall not be more than 10% of the total number of issued Shares as at 8 December 2022, i.e. shall be no more than 131,127,099 Shares, representing 9.34% of the issued Shares (excluding treasury Shares) as at this date of this annual report.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

(iii) Maximum entitlement of each participant

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

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

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

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

(iv) Vesting of the awarded Shares and performance targets

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

MANAGEMENT DISCUSSION AND ANALYSIS

(v) Purchase price of awarded Shares

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

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

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

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

(vii) Remaining life

Subject to early termination, the 2022 Share Award Plan shall be valid and effective for a term of 10 years commencing from 8 December 2022. As at the date of this annual report, the 2022 Share Award Plan had a remaining life of approximately 6 years.

Movements of the awarded Shares

Pursuant to the 2022 Share Award Plan, the Board has resolved on 10 April 2025 to award an aggregate of 10,473,300 awarded shares (the “**First Half 2025 Awarded Shares**”) at nil purchase price to several selected participants. In addition, the Board has resolved on 10 October 2025 to award an aggregate of 865,000 awarded shares (the “**Second Half 2025 Awarded Shares**”) at nil consideration to several selected participants under the 2022 Share Award Plan. Subject to the satisfaction of the vesting criteria and conditions of the 2022 Share Award Plan, the First Half 2025 Awarded Shares and Second Half 2025 Awarded Shares (collectively, the “**2025 Awarded Shares**”) shall be transferred from the Tricor Trustee to the selected participants upon expiry of the respective vesting period.

The closing price of the Shares, immediately before the grant date of the First Half 2025 Awarded Shares and Second Half 2025 Awarded Shares was HKD0.88 and HKD0.94 respectively. The aggregated fair value of the First Half 2025 Awarded Shares and Second Half 2025 Awarded Shares amounted to HKD8,902,305 and HKD839,050 respectively. The fair value was estimated based on the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet on 10 April 2025 and 10 October 2025, 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 2025 Awarded Shares will be issued and allotted in due course under the mandate granted to the Directors by the Company pursuant to the terms of the 2022 Share Award Plan.

At the beginning and the end of the Reporting Period, the total number of award Shares available for grant under (i) the scheme mandate of the 2022 Share Award Plan were 33,846,755 Shares and 25,373,104 Shares, respectively; and (ii) the service provider sublimit of the 2022 Share Award Plan were 5,356,354 Shares each. As at the date of this annual report, the total number of shares available for issue under the scheme is 25,373,104 shares, which representing 1.81% of the issued shares of the Company (excluding treasury shares). As at 31 December 2025, 26,571,196 awarded Shares remained unvested. For further details, please refer to Note 26(a) to the consolidated financial statements in this annual report.

MANAGEMENT DISCUSSION AND ANALYSIS

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

Name of Director	Date of Award	Vesting Period (i.e. from the grant date up to the vesting date)	Minimum holding period	Number of Awarded Shares granted	Movement of Awarded Shares				
					Unvested as at 1 January 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Unvested as at 31 December 2025
Li Liang	10 January 2023 (Note 1)	34%: 10 January 2023 to 30 April 2024 33%: 10 January 2023 to 30 April 2025 33%: 10 January 2023 to 30 April 2026	Nil	39,338,200	25,963,212	–	12,981,606	–	12,981,606
Zhao Hui Li	10 January 2023 (Note 2)	34%: 10 January 2023 to 31 July 2023 33%: 10 January 2023 to 31 July 2024 33%: 10 January 2023 to 31 July 2025	Nil	1,000,000	330,000	–	330,000	–	–
	10 April 2025 (Note 2)	34%: 10 April 2025 to 30 April 2026 33%: 10 April 2025 to 30 April 2027 33%: 10 April 2025 to 28 April 2028	Nil	1,200,000	–	1,200,000	–	–	1,200,000
Sub-total				41,538,200	26,293,212	1,200,000	13,311,606	–	14,181,606

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 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Unvested as at 31 December 2025
Senior Management	10 January 2023 (Note 2)	34%: 10 January 2023 to 31 July 2023 33%: 10 January 2023 to 31 July 2024 33%: 10 January 2023 to 31 July 2025	Nil	7,000,000	2,310,000	–	2,310,000	–	–
	10 January 2023 (Note 2)	34%: 10 January 2023 to 31 July 2023 33%: 10 January 2023 to 31 July 2024 33%: 10 January 2023 to 31 July 2025	Nil	300,000	99,000	–	99,000	–	–
	10 April 2024 (Note 8)	34%: 10 April 2024 to 30 April 2025 33%: 10 April 2024 to 30 April 2026 33%: 10 April 2024 to 30 April 2027	Nil	600,000	600,000	–	204,000	–	396,000

MANAGEMENT DISCUSSION AND ANALYSIS

Selected Participants	Date of Award	Vesting Period (i.e. from the grant date up to the vesting date)	Minimum holding period	Number of Awarded Shares granted	Movement of Awarded Shares				
					Unvested as at 1 January 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Unvested as at 31 December 2025
	10 April 2024 (Note 8)	34%: 10 April 2024 to 30 April 2025 33%: 10 April 2024 to 30 April 2026 33%: 10 April 2024 to 30 April 2027	Nil	450,000	450,000	–	153,000	–	297,000
	10 October 2025 (Note 8)	100%: 10 October 2025 to 30 October 2026	Nil	175,000	–	175,000	–	–	175,000
	10 October 2025 (Note 8)	34%: 10 October 2025 to 30 October 2026 33%: 10 October 2025 to 29 October 2027 33%: 10 October 2025 to 31 October 2028	Nil	300,000	–	300,000	–	–	300,000
Sub-total				8,825,000	3,459,000	475,000	2,766,000	–	1,168,000

Selected Participants	Date of Award	Vesting Period (i.e. from the grant date up to the vesting date)	Minimum holding period	Number of Awarded Shares granted	Movement of Awarded Shares				
					Unvested as at 1 January 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Unvested as at 31 December 2025
Five highest-paid individuals	10 January 2023 (Note 5)	34%: 10 January 2023 to 31 January 2024 33%: 10 January 2023 to 15 January 2025 33%: 10 January 2023 to 31 January 2026	Nil	150,000	99,000	–	49,500	–	49,500
		40%: 31 August 2023 to 31 October 2023 30%: 31 August 2023 to 31 January 2024 30%: 31 August 2023 to 31 July 2024	31 October 2023 to 30 June 2024 31 January 2024 to 30 September 2024 31 July 2024 to 31 March 2025	78,000	–	–	–	–	–
	10 April 2024 (Note 4)	34%: 10 April 2024 to 30 April 2025 33%: 10 April 2024 to 30 April 2026 33%: 10 April 2024 to 30 April 2027	Nil	4,500,000	4,500,000	–	1,020,204	509,796	2,970,000
	10 April 2024 (Note 7)	40%: 10 April 2024 to 31 July 2024 30%: 10 April 2024 to 31 October 2024 30%: 10 April 2024 to 30 April 2025	31 July 2024 to 31 March 2025 31 October 2024 to 30 June 2025 30 April 2025 to 31 December 2025	200,000	60,000	–	60,000	–	–
	10 October 2024 (Note 9)	40%: 10 October 2024 to 15 January 2025 30%: 10 October 2024 to 30 April 2025 30%: 10 October 2024 to 31 October 2025	15 January 2025 to 15 September 2025 30 April 2025 to 31 December 2025 31 October 2025 to 30 June 2026	200,000	200,000	–	200,000	–	–

MANAGEMENT DISCUSSION AND ANALYSIS

Selected Participants	Date of Award	Vesting Period (i.e. from the grant date up to the vesting date)	Minimum holding period	Number of Awarded Shares granted	Movement of Awarded Shares				
					Unvested as at 1 January 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Unvested as at 31 December 2025
	10 October 2024 (Note 5)	40%: 10 October 2024 to 15 January 2025 30%: 10 October 2024 to 30 April 2025 30%: 10 October 2024 to 31 October 2025	15 January 2025 to 15 September 2025 30 April 2025 to 31 December 2025 31 October 2025 to 30 June 2026	100,000	100,000	–	100,000	–	–
	10 April 2025 (Note 5)	40%: 10 April 2025 to 31 July 2025 30%: 10 April 2025 to 31 October 2025 30%: 10 April 2025 to 30 April 2026	31 July 2025 to 31 March 2026 31 October 2025 to 30 June 2026 30 April 2026 to 31 December 2026	500,000	–	500,000	350,000	–	150,000
	10 April 2025 (Note 5)	40%: 10 April 2025 to 31 July 2025 30%: 10 April 2025 to 31 October 2025 30%: 10 April 2025 to 30 April 2026	31 July 2025 to 31 March 2026 31 October 2025 to 30 June 2026 30 April 2026 to 31 December 2026	200,000	–	200,000	140,000	–	60,000
Sub-total				5,928,000	4,959,000	700,000	1,919,704	509,796	3,229,500

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 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Unvested as at 31 December 2025
Employee participants	10 January 2023 (Note 2)	34%: 10 January 2023 to 31 July 2023 33%: 10 January 2023 to 31 July 2024 33%: 10 January 2023 to 31 July 2025	Nil	2,045,400	674,982	–	450,450	224,532	–
	10 January 2023 (Note 4)	34%: 10 January 2023 to 31 January 2024 33%: 10 January 2023 to 15 January 2025 33%: 10 January 2023 to 31 January 2026	Nil	5,490,000	3,623,400	–	544,500	1,267,200	1,811,700
	10 January 2023 (Note 3)	60%: 10 January 2023 to 28 February 2023 20%: 10 January 2023 to 31 July 2023 20%: 10 January 2023 to 31 January 2024	28 February 2023 to 30 November 2023 31 July 2023 to 30 April 2024 31 January 2024 to 31 October 2024	17,947,630	–	–	–	–	–
	31 August 2023 (Note 5)	40%: 31 August 2023 to 31 October 2023 30%: 31 August 2023 to 31 January 2024 30%: 31 August 2023 to 31 July 2024	31 October 2023 to 30 June 2024 31 January 2024 to 30 September 2024 31 July 2024 to 31 March 2025	3,533,330	–	–	–	–	–

MANAGEMENT DISCUSSION AND ANALYSIS

Selected participants	Date of Award	Vesting Period (i.e. from the grant date up to the vesting date)	Minimum holding period	Number of Awarded Shares granted	Movement of Awarded Shares				
					Unvested as at 1 January 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Unvested as at 31 December 2025
	31 August 2023 (Note 6)	34%: 31 August 2023 to 31 July 2024 33%: 31 August 2023 to 31 July 2025 33%: 31 August 2023 to 31 July 2026	Nil	1,800,000	1,188,000	–	594,000	–	594,000
	10 April 2024 (Note 8)	34%: 10 April 2024 to 30 April 2025 33%: 10 April 2024 to 30 April 2026 33%: 10 April 2024 to 30 April 2027	Nil	1,050,000	1,050,000	–	357,000	–	693,000
	10 April 2024 (Note 7)	40%: 10 April 2024 to 31 July 2024 30%: 10 April 2024 to 31 October 2024 30%: 10 April 2024 to 30 April 2025	31 July 2024 to 31 March 2025 31 October 2024 to 30 June 2025 30 April 2025 to 31 December 2025	8,369,920	2,510,976	–	2,080,467	430,509	–
	10 October 2024 (Note 6)	34%: 10 October 2024 to 31 October 2025 33%: 10 October 2024 to 31 October 2026 33%: 10 October 2024 to 31 October 2027	Nil	540,000	540,000	–	132,600	51,000	356,400
	10 October 2024 (Note 3)	40%: 10 October 2024 to 15 January 2025 30%: 10 October 2024 to 30 April 2025 30%: 10 October 2024 to 31 October 2025	15 January 2025 to 15 September 2025 30 April 2025 to 31 December 2025 31 October 2025 to 30 June 2026	3,073,610	3,073,610	–	2,842,598	231,012	–
	10 April 2025 (Note 6)	34%: 10 April 2025 to 30 April 2026 33%: 10 April 2025 to 30 April 2027 33%: 10 April 2025 to 28 April 2028	Nil	2,250,000	–	2,250,000	–	–	2,250,000
	10 April 2025 (Note 3)	40%: 10 April 2025 to 31 July 2025 30%: 10 April 2025 to 31 October 2025 30%: 10 April 2025 to 30 April 2026	31 July 2025 to 31 March 2026 31 October 2025 to 30 June 2026 30 April 2026 to 31 December 2026	6,323,300	–	6,323,300	4,275,710	150,600	1,896,990
	10 October 2025 (Note 6)	34%: 10 October 2025 to 30 October 2026 33%: 10 October 2025 to 29 October 2027 33%: 10 October 2025 to 31 October 2028	Nil	390,000	–	390,000	–	–	390,000
Sub-total				52,813,190	12,660,968	8,963,300	11,277,325	2,354,853	7,992,090

MANAGEMENT DISCUSSION AND ANALYSIS

Selected participants	Date of Award	Vesting Period (i.e. from the grant date up to the vesting date)	Minimum holding period	Number of Awarded Shares granted	Movement of Awarded Shares				
					Unvested as at 1 January 2025	Granted during the Reporting Period	Vested during the Reporting Period	Lapsed/ cancelled during the Reporting Period	Unvested as at 31 December 2025
A service provider	10 January 2023 (Note 9)	50%: 10 January 2023 to 31 January 2024 50%: 10 January 2023 to 15 January 2025	Nil	1,200,000	600,000	–	600,000	–	–
Total				110,304,390	47,972,180	11,338,300	29,874,635	2,864,649	26,571,196

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 Hui Li 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 compliance risk 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 compliance risk control rate.

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

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

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

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

Note 12: The weighted average closing price of the awarded Shares immediately before the dates on which awarded Shares were vested during the Reporting Period was HKD0.90.

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

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

During the Reporting Period, the number of shares that may be issued in respect of award Shares granted under all schemes of the Company divided by the weighted average number of shares of the relevant class in issue for the Reporting Period were approximately 0.82%.

In addition to the above disclosures, the remuneration committee of the Company had reviewed and approved matters in relation to the 2022 Share Award Plan in accordance with the requirements under Chapter 17 of the Listing Rules as and when such matters are proposed under the 2022 Share Award Plan during the Reporting Period (including the granting of the First Half 2025 Awarded Shares and Second Half 2025 Awarded Shares).

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Executive Directors

Mr. Li Liang (李亮), aged 47, has been appointed as an executive Director on 28 December 2022, Chairman of the Board on 27 January 2026, and chief executive officer and chairman of the Investment Committee on 5 December 2024. He obtained a master's degree majored in public administration from Peking University in July 2010 and an Executive Master of Business Administration from China Europe International Business School in September 2018. He has ample business management experience. Mr. Li Liang worked at New Oriental Education & Technology Group Inc. ("**New Oriental**") (listed on the Main Board of the Stock Exchange (Stock Code: 9901) and the New York Stock Exchange (Stock Code: EDU)) from April 2001 to January 2022. He served as a vice president of New Oriental and president of Beijing New Oriental School during his tenure with New Oriental. In November 2022, Mr. Li Liang was appointed as the chief executive officer of Be Friends Preferred Technology Co., Limited* (交個朋友優選科技有限公司) ("**Be Friends Preferred Technology**") and fully responsible for operations management. He also serves as a director of Hangzhou Be Friends Education Technology Co., Ltd.* (杭州交個朋友教育科技有限公司), a wholly-owned subsidiary of the Company. As at the date of this annual report, Mr. Li Liang is interested or deemed to be interested in 95,628,200 shares of the Company, which represented approximately 6.80% of the total issued Shares (including treasury shares). Please refer to the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company" in the Directors' Report for details of his interest in the Shares and underlying Shares of the Company. With effect from 1 April 2025, the annual remuneration of Mr. Li Liang as chief executive officer and executive Director of the Company and directors of several subsidiaries has been increased to HKD2,000,000. The remuneration adjustment has been covered by the service contracts signed between the Company and Mr. Li Liang, which allows remuneration adjustment to be made once a year subject to the discretionary decision of the Board.

Mr. Li Jun ("Mr. Li") (李鈞), aged 36, has been appointed as an executive Director on 29 September 2021 and as Chairman on 19 June 2023, and ceased to be Chairman on 27 January 2026. Mr. Li graduated from the Zhejiang University (浙江大學) in the PRC specialising in business administration in 2011. He has extensive experiences and business network in the all-media industry, especially the new media business. As at the date of this annual report, Mr. Li is (i) a director of Be Friends Preferred Technology, an indirect subsidiary of the Company; and (ii) the sole shareholder and sole director of Starlink Vibrant Holdings Ltd. ("**Starlink Vibrant**") which was interested in 323,500,334 Shares, which represented approximately 22.99% of the total issued Shares (including treasury shares) as at the date of this annual report. Please refer to the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares and Underlying Shares of the Company" in the Directors' Report for details of his interest in the Shares of the Company. With effect from 1 April 2025, the annual remuneration of Mr. Li as executive Director of the Company and directors of several subsidiaries has been increased to HKD2,200,000. The remuneration adjustment has been covered by the service contracts signed between the Company and Mr. Li, which allows remuneration adjustment to be made once a year subject to the discretionary decision of the Board.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Zhao Hui Li (“Ms. Zhao”) (趙慧利), aged 37, has been appointed as an executive Director, a member of the Remuneration Committee of the Company and a member of the Investment Committee of the Company on 29 September 2021, and has been appointed as a member of the Nomination Committee of the Company on 16 June 2025. Ms. Zhao was in charge of the Group’s business strategy, provided strategic analysis support for the Group’s business, and was responsible for the human resources management function of the Group. Currently, the major positions Ms. Zhao hold within the Company or other members of the Group are as follow: a director of Be Friends Preferred Technology, Hangzhou Yijiang Future Wisdom Technology Co., Ltd.* (杭州易匠未來智慧科技有限公司), Hangzhou Be Friends Wisdom Technology Co., Ltd.* (杭州交個朋友智慧科技有限公司), Hangzhou Be Friends Wise Selection Technology Co., Ltd.* (杭州交個朋友睿選科技有限公司), Beijing Be Friends Digital Technology Co., Ltd.* (北京交個朋友數碼科技有限公司), Hang Zhou Be Friends Brand Marketing Management Co., Ltd.* (杭州交個朋友品牌營銷管理有限公司). Ms. Zhao is interested or deemed to be interested in 2,200,000 shares of the Company as at the date of this annual report, which represented approximately 0.16% of the total issued Shares. Please refer to the section headed “Directors’ and Chief Executive’s Interests and Short Positions in Shares and Underlying Shares of the Company” in the Directors’ Report for details of her interest in the Shares and underlying Shares of the Company.

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

Independent Non-Executive Directors (“INED”)

Mr. Kong Hua Wei (“Mr. Kong”) (孔華威), aged 60, has been appointed as an INED and a member of each of the Audit Committee of the Company, Remuneration Committee of the Company and Nomination Committee of the Company on 1 December 2023. Mr. Kong obtained a bachelor’s degree in physics from Peking University in 1987 and a master’s degree in theoretical physics from Zhejiang University in 1990. Mr. Kong has over 22 years in the information and communications technology sectors and extensive experience in investment and company management. Mr. Kong has served as the vice president and then the president of the Institute of Computing Technology of the Chinese Academy of Sciences, Shanghai Branch from July 2005 to April 2021, the chief scientist at Shanghai Zhangjiang Science & Technology Venture Capital Co. from December 2010 to October 2016, a partner of iStartup Venture Capital Co. from January 2017 to April 2021, the senior vice president of Nano Labs Ltd (NASDAQ: NA) from March 2021 to 31 December 2023.

Mr. Ma Zhan Kai (“Mr. Ma”) (馬占凱), aged 43, has been appointed as an INED, a member of the Audit Committee of the Company, the chairman of the Remuneration Committee of the Company and a member of the Investment Committee of the Company on 29 September 2021, and has been appointed as the chairman of the Nomination Committee of the Company on 30 December 2021. Mr. Ma obtained a bachelor’s degree in Mechanical Design Manufacturing And Automation from Hebei University of Technology (河北工業大學) in July 2004. He worked at Sogou Inc., a company listed on the New York Stock Exchange (stock code: SOGO), from August 2005 to April 2009. Being known as the “Father of Sogou Input Method”, Mr. Ma first put forward the product concept of a combination of search and input method and invented the “Sogou Input Method” in 2005. He also worked at Qihoo 360 Technology Co. Ltd.* (三六零安全科技股份有限公司), a company listed on Shanghai Stock Exchange (stock code: 601360), from April 2009 to February 2012. He also joined Meituan, a company listed on the Stock Exchange (stock code: 3690) as a consultant since February 2012 and has been responsible for, among others, product strategy. Mr. Ma has extensive experience in the Internet industry with a focus in product design.

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Yu Guo Jie (“Dr. Yu”) (余國杰), aged 62, has been appointed as an INED and the chairman of the Audit Committee of the Company on 29 September 2021. Dr. Yu obtained a doctor’s degree in Economics from Wuhan University (武漢大學) in June 2003. He is also a Chinese Certified Public Accountant (non-practicing) and a Chinese Certified Public Valuer. He has successively served as a lecturer, an associate professor and a professor of the accounting department in the School of Economics and Management of Wuhan University since March 1996. He has also served as an independent director of Shenzhen Wenke Landscape Co., Ltd.* (深圳文科園林股份有限公司), a company listed on Shenzhen Stock Exchange (stock code: 002775), from July 2011 to July 2017. Since July 2021, he has also served as an independent director of Zhongbai Holdings Group Co., Ltd. (中百控股集團股份有限公司) (listed on Shenzhen Stock Exchange (Stock Code: 000759)), and since February 2026, as an independent director of Guizhou BC&TV Information Network Co., Ltd. (貴州省廣播電視信息網絡股份有限公司) (listed on Shanghai Stock Exchange (Stock Code: 600996)).

SENIOR MANAGEMENT

Ms. Li Mu Ren (李牧人), aged 38, joined the Group in July 2022 and is responsible for the overall operations of the Group’s Hangzhou Douyin Business Division. She possesses outstanding team leadership, business management and live-stream e-commerce operation capabilities. She excels in building and managing high-performing teams and optimizing live room operations. In June 2025, Ms. Li Mu Ren was appointed as the senior vice president of the Group. Currently, she also serves as a director of Hangzhou Be Friends Education Technology Co., Ltd.*, a wholly-owned subsidiary of the Company. Ms. Li Mu Ren graduated with a bachelor’s degree from the Beijing Institute of Technology in 2010. She joined New Oriental (listed on the Main Board of the Stock Exchange (Stock Code: 9901) and the New York Stock Exchange (Stock Code: EDU)) in 2010 and subsequently served as the principal assistant and director of the Children’s Department at Beijing New Oriental School in 2016.

Ms. Li Ying (李盈), aged 41, joined the Group in February 2022, responsible for financial management, fund management, and business information. In March 2024, she was appointed as the deputy chief financial officer of the Group. Ms. Li Ying graduated with a bachelor’s degree in physics from Capital Normal University (首都師範大學) in 2008. From 2014 to 2018, she served as a senior auditor of KPMG Huazhen LLP and passed all Chinese Certified Public Accountant examinations in 2016. Subsequently, she successively worked at Beijing Jieyi Car Rental Co., Ltd.* (北京捷翊汽車租賃有限責任公司), Zuoyebang Education Technology (Beijing) Co., Ltd.* (作業幫教育科技有限公司(北京)有限公司), etc. Ms. Li Ying has extensive and diversified management experience in overall financial management work such as industry and finance support, report analysis, industry and finance informatization, and fund management.

Mr. Liu Ya Ping (劉亞平), aged 42, joined the Group in October 2023 and is responsible for the overall information technology management of the Group. In June 2025, he was appointed as the vice president of the Group. Mr. Liu Ya Ping graduated with a bachelor’s degree from East China Jiaotong University (華東交通大學) in June 2006 and has been pursuing an EMBA at Antai College of Economics and Management, Shanghai Jiao Tong University (上海交通大學) since September 2024. From April 2016 to June 2020, he served as the vice president of Products at Baozun Inc. (listed on the Main Board of the Stock Exchange (Stock Code: 9991) and the Nasdaq Stock Exchange (Stock Code: BZUN)), and from June 2020 to September 2023, he served as the CTO at Hangzhou Chenfan E-commerce Co., Ltd.* (杭州宸帆電子商務有限責任公司). Mr. Liu Ya Ping possesses extensive expertise in retail e-commerce technology systems, business middle platform design, and team management. He holds a Project Management Professional (PMP) certification and a senior professional title.

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BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

COMPANY SECRETARY

Ms. Chan Sze Ting (“Ms. Chan”) (陳詩婷), was appointed as the company secretary of the Company on 18 June 2020. Ms. Chan is a director of the company secretarial services division of Tricor Services Limited (a member of Vistra Group), which is a global professional services supplier specialising in integrated business, corporate and investor services. Ms. Chan has over 20 years of experience in the corporate secretarial field and has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Ms. Chan is a Chartered Secretary (CS), a Chartered Governance Professional (CGP) and a Fellow of both The Hong Kong Chartered Governance Institute (HKCGI) and The Chartered Governance Institute (CGI) in the United Kingdom. Ms. Chan holds a bachelor of arts degree from Hong Kong Polytechnic University and a bachelor’s degree in law from the University of London, Britain.

DIRECTORS' REPORT

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

DIRECTORS

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

Executive Directors

Mr. Li Liang (李亮) (*Chairman and Chief Executive Officer*)

Mr. Li Jun (李鈞)

Ms. Zhao Hui Li (趙慧利)

Mr. Lo Chi Sum (盧志森) (resigned on 19 June 2025)

Independent Non-Executive Directors

Mr. Kong Hua Wei (孔華威) (*Lead Independent Non-Executive Director*)

Mr. Ma Zhan Kai (馬占凱)

Dr. Yu Guo Jie (余國杰)

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

PRINCIPAL ACTIVITIES

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

RESULTS AND DIVIDENDS

The Group's results for the Reporting Period and the financial position of the Company and the Group as at 31 December 2025 are set out in the accompanying consolidated financial statements.

The Directors recommend distribution of a final dividend of HKD0.05 per share for the year ended 31 December 2025 (2024: Nil), totaling approximately HKD70.2 million based on the number of shares issued (excluding treasury shares) as at the date hereof. The 2,550,000 shares of treasury shares of the Company held by the Company do not carry dividend. This proposed dividend is subject to the approval of the shareholders of the Company at the forthcoming annual general meeting. The reason for the dividend payment is that the Group's financial position is stable and its operating cash flow is ample, and the Board considers that the Group has the ability and conditions to pay a dividend.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the Year are set out in Note 14 of the notes to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the Company's share capital during the Year are set out in Note 25 of the notes to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

DIRECTORS' REPORT

TAX RELIEF

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

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

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

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

During the Reporting Period, neither the Company nor any of its subsidiaries or consolidated affiliates purchased, sold, or redeemed any of the Company's listed securities (including the sale of treasury shares).

The Company holds 2,550,000 Shares as treasury shares of the Company. The Company will utilize such treasury shares as permitted under the Listing Rules including but not limited to sale or transfer, subject to market conditions and its capital management needs.

RESERVES

Details of movements in the reserves of the Company and of the Group during the Year are set out in Note 37(b) of the notes to the consolidated financial statements and consolidated statement of changes in equity on pages 130 to 131 and Note 27 of the notes to the consolidated financial statements, respectively.

As at 31 December 2025, the Company's reserves available for distribution to equity holders, comprising the share premium and accumulated losses, amounted to approximately RMB61.9 million (2024: approximately RMB17.2 million) of which the share premium amounted to approximately RMB323.0 million.

MAJOR CUSTOMERS AND SUPPLIERS

For the Reporting Period, revenue from the Group's five largest customers accounted for approximately 9.5% (2024: 11.0%) of the Group's total revenue and the revenue from the largest customer included therein accounted for approximately 5.0% (2024: 5.3%) of the Group's total revenue.

For the Reporting Period, supplies provided by the Group's five largest suppliers accounted for approximately 60.2% (2024: 36.5%) of the Group's total cost of services and supplies provided by the largest supplier included therein accounted for approximately 24.7% (2024: 9.1%) of the Group's total cost of services.

DIRECTORS' REPORT

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

EQUITY-LINKED AGREEMENT

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

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the Group had a total of 1,408 employees, including full-time, part-time and intern employees of the Group (2024: 1,475 employees).

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

Details of emoluments paid to each Director and the five highest paid employees in the Reporting Period are set out in Notes 38(a) and 8 of the notes to the consolidated financial statements.

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

DIRECTORS' REPORT

In respect of the remuneration paid or payable to the members of senior management (except Directors) of the Company for the year ended 31 December 2025, the remuneration paid or payable to members of the senior management of the Company by band is set out below:

	Number of individuals
RMB916,000 to RMB1,832,000 (equivalent to HKD1,000,001 to HKD2,000,000)	2
RMB1,832,001 to RMB2,748,000 (equivalent to HKD2,000,001 to HKD3,000,000)	1
	3

During the year ended 31 December 2025, none of the Directors and the five highest paid individuals of the Group (i) received or will receive any emolument from the Group as an inducement to join or upon joining the Group; (ii) received or will receive any compensation for loss of office as a director or management of any member of the Group; or (iii) waived or has agreed to waive any emoluments.

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

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

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

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

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

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

In accordance with Article 105 of the Articles, Ms. Zhao Hui Li and Mr. Ma Zhan Kai will retire by rotation at the forthcoming annual general meeting (the "**2026 AGM**"). All of the retiring Directors, being eligible, will offer themselves for re-election at the AGM.

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

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

No Director proposed for re-election at the 2026 AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

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

Particulars of the Directors' emoluments for the year ended 31 December 2025 are set out in Note 38(a) of the notes to the consolidated financial statements.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

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

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

PERMITTED INDEMNITY PROVISION

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

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

FINANCIAL REPORTING AND AUDIT

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

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

DIRECTORS' REPORT

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENT AND CONTRACTS

Apart from the particulars disclosed in notes 34 and 35 to the consolidated financial statements and the section headed "Connected Transactions" in this annual report, there were no other transactions, arrangement or contracts of significance in relation to the Company's business, to which the holding company of the Company or any of the Company's subsidiaries or fellow subsidiaries was a party subsisting at the end of the year ended 31 December 2025 or at any time during the year ended 31 December 2025 in which a Director or an entity connected with the Director had, whether directly or indirectly, a material interest.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS OF SIGNIFICANCE

For the year ended 31 December 2025, apart from the particulars disclosed in notes 34 and 35 to the consolidated financial statements and the section headed "Connected Transactions" in this annual report, no contract of significance had been entered into between the Company or any of its subsidiaries and the controlling Shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

For the year ended 31 December 2025, no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling Shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries was entered into.

MANAGEMENT CONTRACTS

For the year ended 31 December 2025, other than the service contracts of the Directors, there was no contract entered into by the Company relating to its management and administration or subsisting during the year under review which is substantial to the entire or any part of the business of the Group.

CONNECTED TRANSACTIONS

Details of the related party transactions of the Company for the year ended 31 December 2025 and undertaken in the usual course of business are set out in notes 34 and 35 to the consolidated financial statements.

The Equity Purchase Agreement

References are made to the announcements of the Company dated 5 August 2025, 22 August 2025, 12 September 2025 (the "**Announcements**") and circular of the Company dated 17 October 2025 (the "**Circular**") in relation to the acquisition of the equity interests in Hangzhou Be Friends Education Technology Co., Ltd (the "**Target Company**"). Unless otherwise defined herein, capitalized terms used in this section shall have the same meanings as those defined in the Announcements and the Circular.

On 5 August 2025 (after trading hours), the Vendors of the Target Company and the Partnership (both as vendors), the Subsidiary A (as purchaser) and the Target Company entered into the equity purchase agreement (the "**Equity Purchase Agreement**"), pursuant to which the Vendors of the Target Company and the Partnership have conditionally agreed to sell, and the Subsidiary A has conditionally agreed to acquire, 100% equity interests in the Target Company, at a total consideration of RMB180.0 million (equivalent to approximately HK\$197.9856 million).

On 25 September 2025 (after trading hours), the Supplemental Agreement was signed by the Subsidiaries and the relevant parties and entered into to amend the terms and the structure of the Acquisition (the "**Amendments**"). Among the Amendments, the Partnership (formerly referred to as Vendor A in the Announcement dated 5 August 2025) will cease to be a vendor selling 34.935% of equity interest in the Target Company under the Equity Purchase Agreement. Instead, the Vendors of the Partnership (being the partners of the Partnership) have agreed to sell, and the Subsidiaries have agreed to purchase, the Sale Partnership Interest, representing 100% partnership interest in the Partnership. The sale and purchase of the Sale Equity, being a total of 65.065% equity interests held by Vendor B, Vendor C, Vendor D and Vendor E in the Target Company remain unchanged.

DIRECTORS' REPORT

As the Target Company was owned as to 34.935% by the Partnership, 23% by Mr. Li Liang, 21% by Mr. Li Jun, 16.065% by Vendor D and 5% by Vendor E. Mr. Li Liang and Mr. Li Jun are both executive Directors of the Company and therefore connected persons of the Company under the Listing Rules. The Partnership is owned as to 85% by Ms. Xu and as to 15% by Mr. Cui. Ms. Xu is the mother of Mr. Li Liang, and therefore she is a connected person of the Company. Mr. Cui is a director of Hangzhou Be Friends Wisdom Technology Co., Ltd.* (杭州交個朋友智慧科技有限公司), an indirect wholly-owned subsidiary of the Company and therefore a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the abovementioned acquisition constituted a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the abovementioned transaction are set out in the Announcements and the Circular.

Under the Equity Purchase Agreement (as amended by the Supplemental Agreement), the Guarantors provided a performance guarantee in respect of the Target Company's consolidated financial results for the three years ended/ending 31 December 2025, 2026, and 2027. For the year ended 31 December 2025, the Guarantors guaranteed that the audited consolidated net profit of the Target Group (before deducting non-recurring gains and losses) attributable to shareholders of the Target Company for the Performance Guarantee Period would not be less than RMB18.0 million. Such performance guarantee was achieved.

Save as disclosed above, no other related party transactions constitutes a connected transaction or continuing connected transaction which are required to be disclosed in this annual report in compliance with the requirements under Chapter 14A of the Listing Rules. The Directors confirm that they have complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

SHARE AWARD PLAN AND SHARE OPTION SCHEME

Details of movements in the share awards and share options during the year ended 31 December 2025 are set out in the section headed "Share Award Plan" in this annual report.

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

As at 31 December 2025, the Directors and the Company's chief executive, and their respective associates had the following interests in the Shares and underlying Shares and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have been taken under such provisions of the SFO) or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), or were required to be entered in the register kept by the Company pursuant to Section 352 of the SFO:

Name of Director	Name of Group member/ associated corporation	Capacity/ Nature of interest	Number of Shares and underlying Shares held (Note 1)	Approximate percentage of Shares in issue (including treasury shares)
Mr. Li Jun	The Company	Interest of controlled corporation	323,500,334 Shares (L) (Note 2)	23.32% (L)
Mr. Li Liang	The Company	Beneficial owner	95,628,200 Shares (L) (Note 3)	6.89% (L)
Ms. Zhao Hui Li	The Company	Beneficial owner	2,200,000 Shares (L) (Note 4)	0.16% (L)

Save as disclosed above, none of the Directors or chief executive of the Company had or was deemed to have any interests or short positions in the Shares and underlying Shares or any of its associated corporations as at 31 December 2025.

DIRECTORS' REPORT

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

As at 31 December 2025, the interests or short positions of the persons (other than a Director or chief executive of the Company whose interests are disclosed above) and corporations in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/ Nature of interest	Number of Shares and underlying Shares held (Note 1)	Approximate percentage of Shares in issue (including treasury shares)
Starlink Vibrant	Beneficial owner	323,500,334 Shares (L) (Note 2)	23.32% (L)

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 Jun. Pursuant to the SFO, Mr. Li Jun was deemed to be interested in a total of 323,500,334 Shares.
3. Among which, 56,290,000 Shares were held by him beneficially and 39,338,200 Shares are awarded Shares granted to Mr. Li Liang at 10 January 2023 and approved by the independent shareholders of the Company at the extraordinary general meeting held on 27 February 2023.
4. Such shares are awarded Shares granted to Ms. Zhao Hui Li on 10 January 2023 and 10 April 2025 under the 2022 Share Award Plan of the Company adopted on 8 December 2022.

Save as disclosed above, the Company is not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 31 December 2025.

DIRECTORS' REPORT

AUDIT COMMITTEE, REMUNERATION COMMITTEE, NOMINATION COMMITTEE AND INVESTMENT COMMITTEE

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

SUFFICIENCY OF PUBLIC FLOAT

As at 31 December 2025, the Company's share capital comprised 1,384,653,163 ordinary shares (excluding treasury shares of 2,550,000) of HKD0.01 each. Based on the information that is publicly available to the Company and to the best knowledge of the Directors, during the year and up to the date of this annual report, there is sufficient public float of not less than 25% of the total issued ordinary shares (excluding treasury shares) as required under Rule 13.32B of the Listing Rules.

REVIEW BY AUDIT COMMITTEE

The Audit Committee of the Company comprises all the three INEDs, namely Dr. Yu Guo Jie, Mr. Ma Zhan Kai and Mr. Kong Hua Wei. They have reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2025.

AUDITOR

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

Forvis Mazars CPA Limited will retire and a resolution for their re-appointment as the auditor of the Company will be proposed at the 2026 AGM.

BUSINESS REVIEW

Business Performance and Future Outlook

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

Principal Risks and Uncertainties

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

Environmental Policies

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

Compliance with Relevant Laws and Regulations

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

DIRECTORS' REPORT

Relationship with Employees

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

Relationship with Customers

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

Relationship with Suppliers

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

CHARITABLE DONATIONS

During the year ended 31 December 2025, the Group made charitable contributions and other donations of HKD1 million (2024: Nil).

EVENTS AFTER THE REPORTING PERIOD

On 20 January 2026, the Company completed the allotment and issue of 20,000,000 new shares to Tricor Trustee for the purpose of granting or vesting awards to the grantees of 2022 Share Award Plan.

On behalf of the Board

Li Liang

Chairman

Hong Kong, 26 March 2026

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE CULTURE AND STRATEGY

As a leading live-stream e-commerce institution in China, the Group is managing to improve technology and operational capabilities to promote consumers to a better and high-quality life, and striving to become a reliable friend to consumers and businesses while providing better products and better services. The Group invests prudently in new media services business and it generates and preserves value by investing in these businesses and pursuing growth opportunities.

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

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

CORPORATE GOVERNANCE PRACTICES

The Board is committed to maintaining high corporate governance standards.

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

The Company has applied the principles as set out in the Corporate Governance Code (the “**CG Code**”) in Appendix C1 to the Listing Rules which is applicable to the corporate governance report of the Company for the financial year ended 31 December 2025. The Company is aware that the Stock Exchange has amended Appendix C1 to the Listing Rules, which has come into effect from 1 July 2025.

The Board is of the view that throughout the year ended 31 December 2025 and up to the date of this report, the Company has complied with all the code provisions as set out in the CG Code, except for code provision C.2.1, details of which are explained in the paragraph “Chairman and Chief Executive Officer” below.

A. Model Code for Securities Transactions

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

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

CORPORATE GOVERNANCE REPORT

Specific enquiry has been made of all the Directors and all the relevant employees and they have confirmed that they have complied with the required standard set out in the Securities Dealing Code throughout the year ended 31 December 2025.

B. Board of Directors

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

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

1. Board Composition

During the Reporting Period and up to the date of this report, the composition of the Board is as follows:

Executive Directors:

Mr. Li Jun (*Chairman of the Board and member of the Nomination Committee*) (*resigned as a member of the Nomination Committee on 16 June 2025 and resigned as the Chairman of the Board on 27 January 2026*)

Mr. Li Liang (*Chairman of the Board, Chief Executive Officer, Chairman of the Investment Committee*) (*appointed as the Chairman of the Board on 27 January 2026*)

Mr. Lo Chi Sum (*resigned on 16 June 2025*)

Ms. Zhao Hui Li (*member of each of the Nomination Committee, Remuneration Committee and the Investment Committee*) (*appointed as a member of the Nomination Committee on 16 June 2025*)

Independent Non-Executive Directors:

Mr. Kong Hua Wei (*Lead Independent Non-Executive Director, member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee*) (*appointed as Lead Independent Non-Executive Director on 16 June 2025*)

Mr. Ma Zhan Kai (*Chairman of each of the Remuneration Committee and the Nomination Committee, member of each of the Audit Committee and the Investment Committee*)

Dr. Yu Guo Jie (*Chairman of the Audit Committee*)

The Board has a diverse and balanced mix of knowledge and skills, including knowledge in the areas of business administration, public administration, human resources, accounting and finance, and a mix of skills covering strategy, leadership, industry knowledge and experience, financial literacy, risk management and compliance, and people management. Such mix of knowledge and skills enable the Board to develop the business of the Group systematically. The Board will continuously review and inspect such matrix of knowledge and skills of the Directors from time to time.

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

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

The Company has also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of Independent Non-Executive Directors representing at least one-third of the Board.

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

CORPORATE GOVERNANCE REPORT

2. Chairman and Chief Executive Officer

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

During the year ended 31 December 2025, the position of chairman and chief executive officer are separately held by Mr. Li Jun and Mr. Li Liang, respectively. This segregation ensures a clear distinction between the chairman's responsibility to manage the Board and the chief executive officer's responsibility to manage the Company's business.

On 27 January 2026, Mr. Li Jun retired as the chairman of the Board and Mr. Li Liang, the chief executive officer of the Company, was appointed as the chairman of the Board. After such changes, the chairman of the Board and the chief executive officer of the Company are held by Mr. Li Liang.

Notwithstanding that the code provision C.2.1 of the CG Code provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual, the Board has confidence in the services to be provided by Mr. Li Liang as the chairman of the Board and the chief executive officer and believes that this could formulate and implement the business strategies of the Group more effectively which is in the best interests of the Group. Therefore, the Board considers that the deviation from the code provision C.2.1 in Part 2 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which currently comprised of three executive Directors and three Independent Non-Executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders. The Board will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

3. Independent Non-Executive Directors

During the year ended 31 December 2025, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three Independent Non-Executive Directors representing one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

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

CORPORATE GOVERNANCE REPORT

4. Appointment and Re-election of Directors

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

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

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

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

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

6. Continuous Professional Development of Directors

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

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

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

The records of training and continuous professional development that have been received from the Directors for the year ended 31 December 2025 are summarised as follows:

Directors	Type of Training ^(Note)
Mr. Li Liang	A & B
Mr. Li Jun	A & B
Mr. Lo Chi Sum (<i>resigned on 19 June 2025</i>)	A & B
Ms. Zhao Hui Li	A & B
Mr. Kong Hua Wei	A & B
Mr. Ma Zhan Kai	A & B
Dr. Yu Guo Jie	A & B

Note:

Type of Training

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

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

CORPORATE GOVERNANCE REPORT

C. Board Independence Evaluation and Board Performance Review

(i) Board Independence Evaluation

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

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

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

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

During the year ended 31 December 2025, all the Independent Non-Executive Directors has completed the independence evaluation in the form of a questionnaire individually and the results were presented to the Board and the evaluation results were satisfactory.

During the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

(ii) Board Performance Review

The Board recognises the importance of periodic evaluation of its performance and effectiveness. The Company will implement regular evaluation of the Board's performance once every two years to all Directors individually. Such review may cover, among other things, the structure, composition, operation, effectiveness of the Board and Board committees, information flow to the Board, and discharge of the Board's responsibilities.

D. Board Committees

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

As at 31 December 2025, the majority of the members of the Audit Committee, the Remuneration Committee and the Nomination Committee are Independent Non-Executive Directors. The list of the chairman and members of each Board committee is set out under the paragraph headed "Board Composition" in this Corporate Governance Report.

CORPORATE GOVERNANCE REPORT

1. Audit Committee

The Audit Committee comprises three Independent Non-Executive Directors, namely Dr. Yu Guo Jie, Mr. Ma Zhan Kai and Mr. Kong Hua Wei. Dr. Yu Guo Jie, being the chairman of the Audit Committee, is appropriately qualified as required under Rules 3.10(2) and 3.21 of the Listing Rules. The Audit Committee has been established with its terms of reference in compliance with paragraphs D.3.7 of the CG Code.

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

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

- reviewed with the financial personnel and the external auditor the effectiveness of audit process and the accounting principles and practices adopted by the Group, and the accuracy and fairness of the annual consolidated financial statements for the financial year ended 31 December 2024 and the interim condensed consolidated financial statements for the six months ended 30 June 2025;
- reviewed with the senior management and finance personnel the effectiveness of the risk management, internal control systems, internal audit function and risk management updates of the Group during the Reporting Period;
- recommended to the Board on the re-appointment of external auditor at the annual general meeting held on 16 June 2025 ("**2025 AGM**"); and
- approved the audit plan for the Reporting Period, reviewed the independence of the external auditor and approved its engagement.

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

2. Remuneration Committee

The Remuneration Committee comprises two Independent Non-Executive Directors, namely Mr. Ma Zhan Kai and Mr. Kong Hua Wei and an executive Director, namely Ms. Zhao Hui Li. Mr. Ma Zhan Kai is the chairman of the Remuneration Committee. For the terms of reference of the Remuneration Committee, please refer to the Group's website or the website of the Stock Exchange.

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

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

- reviewed the Director's fee and made recommendation to the Board;
- reviewed the current remuneration structure and package of the Directors and recommended the Board approve their specific packages; and
- reviewed and approved matters relating to share schemes under Chapter 17 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

3. Nomination Committee

The Nomination Committee comprises two Independent Non-Executive Directors, namely Mr. Ma Zhan Kai and Mr. Kong Hua Wei and an executive Director, namely Ms. Zhao Hui Li. Mr. Ma Zhan Kai is the chairman of the Nomination Committee. Mr. Li Jun has resigned as a member of the Nomination Committee on 16 June 2025 and Ms. Zhao Hui Li has been appointed as a member of the Nomination Committee on 16 June 2025.

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

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

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

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

- reviewed the structure, size, composition and diversity of the Board;
- monitored the independence of the INEDs for the purpose of the Listing Rules;
- monitored and reviewed the Group's diversity and inclusion development;
- recommended to the Board on the re-election of Director at the 2025 AGM; and
- recommended to the Board on changes to the composition of the Board.

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

CORPORATE GOVERNANCE REPORT

- *Board Diversity Policy*

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

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

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

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

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

Gender	Age Group
Male: 5 Directors Female: 1 Director	31–40: 2 Directors 41–50: 2 Directors 51–60: 1 Director 61–70: 1 Director

Designation	Educational Background
Executive Directors: 3 Directors Independent Non-Executive Directors: 3 Directors	Business Administration: 2 Directors Account and Finance: 2 Directors Other: 2 Directors

CORPORATE GOVERNANCE REPORT

Nationality

Chinese: 6 Directors

Business Experience

All of the Directors have abundant industry experiences and knowledge related to the Group's business

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

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

Gender Diversity

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

	Female	Male
Directors	16.7% (1)	83.3% (5)
Senior Management	66.7% (2)	33.3% (1)
Other employees	54.1% (757)	45.9% (642)
All Directors and employees	54.0% (760)	46.0% (648)

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

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

Details on the gender ratio of the Group together with relevant data can be found in the Environmental, Social and Governance Report on pages 54 to 117 of this annual report.

- *Director Nomination Policy*

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

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

CORPORATE GOVERNANCE REPORT

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

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

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

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

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

CORPORATE GOVERNANCE REPORT

4. Investment Committee

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

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

During the Reporting Period, the Investment Committee held three meetings, the Investment Committee reviewed and discussed the following matters:

- (i) subscription of the placing shares of SY Holdings Group Limited (Stock Code: 6069);
- (ii) acquisition of Hangzhou Be Friends Education Technology Co., Ltd. (for details, please refer to the section headed “CONNECTED TRANSACTIONS” and Note 35 to the consolidated financial statements in this annual report); and
- (iii) purchase of 40% equity interest in Hangzhou Jinwu Technology Co., Ltd.*

In respect of the above transactions, the Company has strictly complied with the applicable requirements of the Listing Rules, and has duly performed the corresponding disclosure obligations and procedures in a timely manner for all transactions that were subject to disclosure requirements.

5. Corporate Governance Functions

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

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

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

CORPORATE GOVERNANCE REPORT

E. Attendance Records of Directors

The attendance records of each Director at the Board meetings, Board committee meetings and the general meetings of the Company held during the year ended 31 December 2025 is set out in the table below:

Name of Director	Board	Attendance/Number of Meetings				General Meetings
		Audit Committee	Remuneration Committee	Nomination Committee	Investment Committee	
Mr. Li Liang	14/14	–	–	–	3/3	3/3
Mr. Li Jun	14/14	–	–	2/2	–	3/3
Mr. Lo Chi Sum (resigned on 19 June 2025)	7/7	–	–	–	–	2/2
Ms. Zhao Hui Li	14/14	–	3/3	1/1	3/3	3/3
Mr. Kong Hua Wei	14/14	3/3	3/3	3/3	–	3/3
Mr. Ma Zhan Kai	14/14	3/3	3/3	3/3	3/3	3/3
Dr. Yu Guo Jie	14/14	3/3	–	–	–	3/3

During the year ended 31 December 2025, an annual general meeting of the Company was held on 16 June 2025 and two extraordinary general meetings were held on 16 June 2025 and 7 November 2025. The Company held a total of fourteen Board meetings during the year ended 31 December 2025. Apart from regular Board meetings, the Chairman also held a meeting with the Independent Non-Executive Directors without the presence of other executive Directors during the Year.

F. Risk Management and Internal Controls

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

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

- Code of conduct — The Company's code of conduct explicitly communicates to each employee its values, acceptable criteria for decision-making and its ground rules for behavior.
- Process to identify and manage significant risks and material internal control defects — Significant risks or internal control defects identified by the management during the ordinary business operation of the Group will be reported to the Board as soon as practicable for further evaluating and management. A Board meeting will be held to conduct review and evaluation on the significant risks or internal control defects and appropriate actions will be taken to control the risks or to improve the internal control defects. During the year ended 31 December 2025, no material internal control failings or weaknesses have been identified by the Board or the senior management.

CORPORATE GOVERNANCE REPORT

- Internal audit functions — The internal audit functions of the Group have been performed by the collaboration of the Board's office, chief executive's office, financial accounting department, legal and compliance department and human resources department recommending necessary by regular financial and operational review and recommending necessary actions to the management. The works carried out by the aforesaid departments of the Company ensure the risk management and internal control measures are in place and function properly as intended. The results of the internal audit and reviews are reported to the executive Directors and the Audit Committee.
- Compliance with the Listing Rules and relevant laws and regulations — The Group will continue to monitor its compliance with relevant laws and regulations and continue to arrange for various trainings to be provided by its legal advisers or other professional parties to the Directors and management on the Listing Rules, laws and regulations of the relevant regions, etc.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems. The management has reported and confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems during the year ended 31 December 2025.

The Board, as supported by the Audit Committee as well as the management, conducted an annual review on the risk management and internal control systems, including the financial, operational and compliance controls of the Group during the year ended 31 December 2025, to ensure the adequacy of resources, staff qualifications and experience, training programs and budget of accounting, internal audit, training reporting, etc. The Board considered that such systems and the process for financial reporting and Listing Rules compliance are effective and adequate.

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

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

Significant risks of the Company:

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

CORPORATE GOVERNANCE REPORT

1. *Risk of continuously rising traffic acquisition costs*

Traffic acquisition cost represents a significant cost item for all participants in the live-streaming e-commerce industry. As market competition intensifies and platform traffic allocation mechanisms evolve, traffic acquisition costs continue to rise, which may materially reduce the Group's profit margins.

In response to this risk, the Group continues to strengthen its content production capabilities and content creativity in its live-streaming rooms to enhance content differentiation and competitiveness. At the same time, the Group deepens the application of the "Friend Cloud" intelligent system to optimize the algorithm capabilities for product selection, product sequencing and user data matching, thereby improving traffic conversion efficiency. Furthermore, the Group leverages its AI system to further enhance its standardization and automation capabilities, effectively reducing unit costs.

2. *Compliance and regulatory risks*

As the live-streaming e-commerce industry develops rapidly, regulatory requirements relating to live-streaming marketing, product promotion, after-sales service and data compliance have become increasingly stringent. Failure to strictly comply with relevant laws and regulations may result in penalties, business restrictions or damage to brand reputation.

In response to this risk, the Group has established a comprehensive compliance management system covering brands, products, promotion and after-sales service. Through the "Friend Cloud" intelligent system, the Group automatically verifies merchant qualifications and brand supply chains to ensure full traceability. In addition, the Group implements a dual-review mechanism for content, retains live-streaming playback records, and dynamically monitors order fulfillment and user feedback to ensure continued compliance with regulatory requirements.

3. *Risk of macroeconomic downturn and weakening consumer sentiment*

A slower-than-expected economic recovery and weak consumer confidence may adversely affect the Group's live-streaming e-commerce gross merchandise value and brand owners' willingness to spend on advertising, thereby negatively impacting the Group's operating results.

In response to this risk, the Group actively expands its offerings of cost-effective product categories and services to cater to different consumer segments. At the same time, the Group deepens its supply chain management, enhances product quality control and cost-effectiveness, and strengthens its ability to withstand cyclical fluctuations. Furthermore, the Group continues to promote the diversify its revenue structure to reduce reliance on any single product category or customer, thereby enhancing overall operational stability.

4. *Platform dependency risk*

The Group's revenue and GMV are highly dependent on the ecosystem of live-streaming e-commerce platforms. Changes in platform policies and traffic allocation rules may cause significant fluctuations in the Group's operating results.

In response to this risk, the Group has achieved a significant leading position on both Douyin and Taobao, the two largest live-streaming e-commerce platforms, thereby solidifying the stability of its business foundation. At the same time, the Group promotes the assetization of content by structuring and tagging live-streaming clips for reuse and distribution across multiple platforms. In addition, the Group actively develops brand management and agency operation services to continuously expand its revenue sources, further mitigating platform dependency risk.

CORPORATE GOVERNANCE REPORT

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

The Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2025.

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

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

H. Auditor's Remuneration

The remuneration paid/payable to the Company's external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2025 amounted to RMB1.80 million and RMB0.41 million respectively.

An analysis of the remuneration paid/payable to the external auditor of the Company, Forvis Mazars CPA Limited, in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Fees Paid/Payable (RMB)
Audit Services	
Annual audit for the year ended 31 December 2025	1.80 million
Non-audit services	
Other services	0.41 million
TOTAL	2.21 million

CORPORATE GOVERNANCE REPORT

I. Company Secretary

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

In compliance with Rule 3.29 of the Listing Rules, Ms. Chan Sze Ting has undertaken no less than 15 hours of relevant professional training for the year ended 31 December 2025.

J. Shareholders' Rights

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

1. Convening an Extraordinary General Meeting

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

2. Putting Forward Proposals at General Meetings

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

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

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

4. Putting Forward Enquiries to the Board

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

CORPORATE GOVERNANCE REPORT

5. Procedures for Raising Enquiries

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

Address: Office 1202A, 12/F, Keybond Commercial Building, 38 Ferry Street, Kowloon, Hong Kong
Attention: Board of Directors
Email: investor@befriends.com.cn

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

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

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

K. Communication with Shareholders and Investors

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

L. Policies relating to Shareholders

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

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

- Shareholders and the investors may at any time make a request for the Company's information to the extent such information is publicly available;
- Corporate communication will be provided to Shareholders in plain language and in both English and Chinese versions to facilitate Shareholders' understanding;
- Information released by the Company to the Stock Exchange is also posted on the Company's website immediately thereafter. Such information includes financial statements, results announcements, circulars and notices of general meetings and associated explanatory documents, etc;

CORPORATE GOVERNANCE REPORT

- Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings;
- Board members, in particular, the chairmen of Board committees or their delegates, appropriate management executives and external auditors will attend annual general meetings to answer Shareholders' questions; and
- Investors/analysts briefings and one-on-one meetings, media interviews, etc. will be available on a regular basis in order to facilitate communication between the Company, Shareholders and the investors.

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

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

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

M. Company's Constitutional Documents

During the year ended 31 December 2025, the Company has not made any changes to its Memorandum and Articles of Association. The up to date version of the Company's Memorandum and Articles of Association is available on the websites of the Company (<https://www.befriends.com.cn/>) and the Stock Exchange.

M.1 Whistleblowing Policy and Anti-Corruption Policy

The Company has established whistleblowing arrangements for employees and those who deal with the Group to raise concerns, in confidence and anonymity where appropriate, about possible improprieties in financial reporting, internal control or other matters.

The Company has also adopted anti-corruption and anti-bribery policies and procedures to promote and support compliance with applicable anti-corruption laws and regulations. Relevant guidance and/or training is provided to employees from time to time to reinforce ethical business conduct and compliance awareness.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT THE REPORT

INTRODUCTION

Be Friends Holding Limited (the “**Company**” or “**We**”) together with its subsidiaries (the “**Group**”) presents the Environmental, Social and Governance Report (“**ESG Report**” or the “**Report**”) for the year ended 31 December 2025 for the purpose of disclosing the Group’s environmental, social and governance (“**ESG**”) measures and performance, and summarizes the Group’s management of major ESG issues that would affect its operations.

REPORTING BOUNDARY AND PERIOD

This Report covers the Company and its subsidiaries, encompassing information and data from 1 January 2025 to 31 December 2025 (“**Reporting Period**”). Any information beyond this boundary will be separately noted.

REPORTING BASIS AND FRAMEWORK

The Report is principally prepared with reference to Appendix C2 Environmental, Social and Governance Reporting Code (the “**ESG Code**”) of the Listing Rules of The Stock Exchange of Hong Kong Limited (“**HKEX**”) (the “**Listing Rules**”) in compliance with the disclosure requirements of the “comply or explain” provisions under the ESG Guidelines.

REPORTING BASIS AND FRAMEWORK

Materiality: The materiality of ESG issues is determined by the Board of Directors (the “**Board**”) following discussion and with reference to the ESG Code. The process of stakeholder communication and materiality assessment, as well as the materiality matrix, are disclosed in this Report.

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

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

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

PUBLICATION OF REPORT AND APPROVAL

This Report discloses in detail the progress of the Group’s ESG efforts and target setting for the financial year 2025. It has been approved by the Board to be released in conjunction with the annual report. The relevant electronic version can be found on the Group’s website (www.befriends.com.cn) and the website of the HKEX (www.hkexnews.hk).

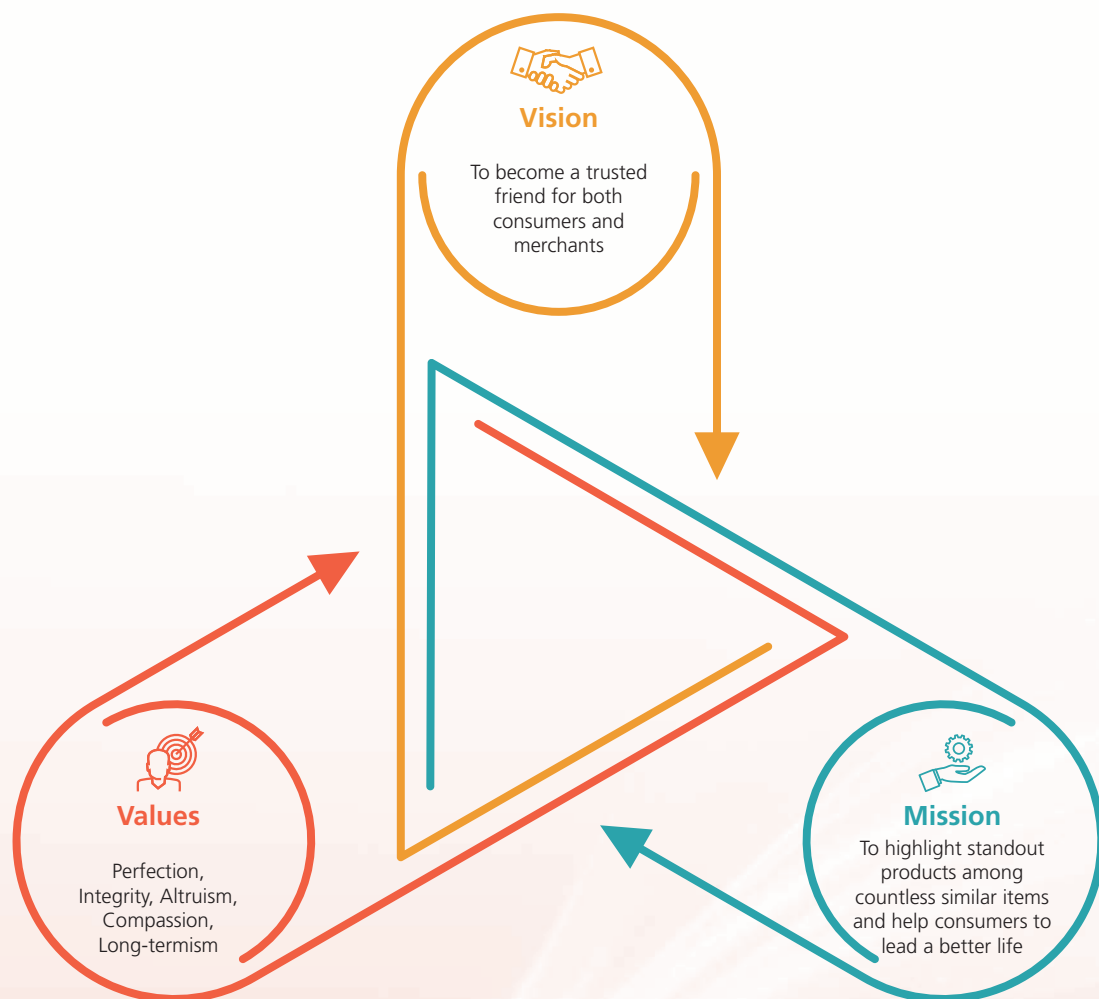
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ABOUT US

GROUP PROFILE

The Group is a leading live-streaming e-commerce organization in China, committed to leveraging its video technologies and services to expand its capabilities in the new media market and drive the continuous evolution of its business through innovation.

OUR CORPORATE CULTURE



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OUR AWARDS AND HONORS



Excellent Director Unit, Hangzhou Private Enterprises Association (2025)

Special Committee for High-quality Development of Platform Economy, Hangzhou Private Enterprises Association



Annual Influential Digital Human Live-streaming Sales Expert

2025 Baidu World Conference



MCN with Ecological Value Creation Capability

Yimeishang (2025 Global Influencer Awards Ceremony for Influencers, MCNs and Brands)



2025 Outstanding Institution of the Year

Hangzhou Livestreaming E-Commerce Association



Best Practice: 2025 CCFA China Consumer goods

China Chain store & Franchise Association



Huxiu Great Whale List • TOP 10 Best Implementation Cases of GenAI in Consumer Retail

Huxiu Intelligence

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



**Excellent Live Streaming
Operation Cases of Greater
Bay Area MCN Institutions**

Brand Management Office,
Xinhua News Information Center and
Guangdong Branch of
Xinhua News Agency



**Live Streaming Sales
Champion of the Year**

CICADA Annual Marketing
Conference & CICADA Star Awards



2025 E-Commerce Institution

The 10th New Media Ecology
Conference by Klarui



**2025 Douyin E-Commerce
Professional Expert**

Douyin E-commerce

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ESG GOVERNANCE

1.1 The Board Statement

We strictly adhere to the ESG Code issued by HKEX. We attach great importance to ESG work, continuously improve our governance structure, promote the deep integration of ESG into corporate major decision-making and business operations, and strengthen the oversight and participation functions of the Board.

The Board is the highest decision-making and ultimate accountability body for ESG and climate governance. It shall comprehensively review and approve ESG strategies, climate targets, material issues and annual ESG reports; supervise the identification of ESG and climate-related risks and opportunities, and establish a regular collaborative supervision mechanism with the audit committee; deliberate on key issues, assess priorities, coordinate overall resource allocation, and oversee the implementation and accountability of ESG performance targets.

Relying on the risk management and internal control system, extends ESG management to cover core businesses and all management levels, proactively identifying, assessing and managing relevant risks. It supervises that ESG information disclosure is conducted in compliance with laws, regulations and industry standards. Through regular communication with stakeholders, the board enhances the quality and transparency of disclosure, consolidating social trust and market recognition.

The Board oversees the implementation of ESG objectives and establishes a multi-dimensional indicator system. It regularly reviews progress, evaluates effectiveness and makes dynamic optimizations to ensure the orderly advancement of ESG initiatives. Meanwhile, the Board standardizes the disclosure and review of directors' performance, retains the decision-making power over material ESG matters, and authorizes management to implement strategies, conduct daily operations and provide standardized reports. It continuously optimizes authorization and guidance to ensure efficient and orderly ESG management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.2 ESG Governance Structure

The Group has established a three-level ESG governance structure. It consists of the Board, the ESG Management Working Group, and the ESG Specialized Execution Group, forming a progressive mechanism for overall decision-making, supervision and implementation, and on-the-ground execution.

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.3 Stakeholder Engagement

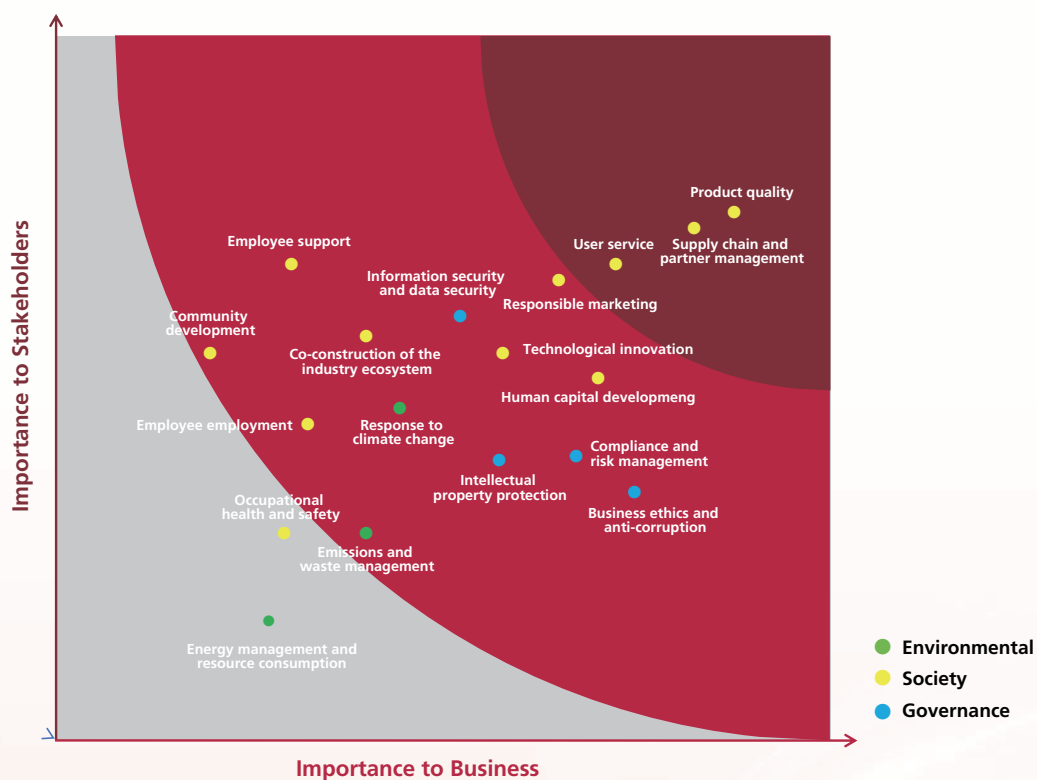
The Group has always incorporated stakeholders' views, established multi-channel and multi-level communication platforms, proactively understood and actively responded to concerns from all sectors of society. Through sustained interaction and open dialogue, we fully gather expectations from all parties, conduct in-depth discussions and prudent assessments on key topics. In the process of operational strategic planning and the improvement of ESG governance, the Group maintains close cooperation with shareholders, employees, supply chain partners, customers, regulators and communities to jointly promote value creation and social development.

Stakeholders	Issues of Concern	Communication Channels
Investors and Shareholders	- Compliance and risk management - Technological innovation	- ESG information disclosure - Shareholder meetings - Official website
Employees	- Employee employment - Human capital development - Employee support - Occupational health and safety	- Trade unions and employees' congresses - Employee training - Employee care activities and medical examinations
Customers	- Responsible marketing - Product quality - User service - Information security and data security	- Daily services and communication - Social media - Customer service hotline and platform
Suppliers	- Business ethics and anti-corruption - Supply chain and partner management - Intellectual property protection	- Field survey - Business meetings - Phone calls and E-mails
Government and regulatory authorities	- Compliance and risk management - Co-construction of the industry ecosystem	- Work meetings and seminars - Regular reporting and information disclosure - Visitor reception
Communities and environment	- Community development - Response to climate change - Energy management and resource consumption - Emissions and waste management	- Livestreaming for agricultural assistance - Public welfare activities - Environmental protection training and promotion

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.4 Materiality Assessment

The Group refers to international authoritative ESG guidelines, and sorts out, analyzes and prioritizes material issues based on global and domestic policies as well as peer benchmarks. To identify its ESG material issues in a more scientific and precise manner and proactively respond to changes in internal and external environments, the Group conducts materiality assessment through five steps: issue identification, stakeholder questionnaires and interviews, expert scoring, weight assignment, and final review by the Board, resulting in a matrix of 18 core material issues to ensure the assessment is scientific, traceable and verifiable.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. ROBUST OPERATIONS

2.1 Risk Control

The Group strictly abides by national and industrial laws and regulations. The Group has formulated internal policies, including the *Risk Management System of Be Friends Holding Limited* (《交個朋友控股有限公司風險管理制度》) and the *Working Rules for the Risk Control and Compliance Management Committee* (《風控及合規管理委員會工作細則》). These documents systematically standardize the responsibilities of risk management personnel, classification standards, and control processes.

The Group has established the Risk Control and Compliance Management Committee. Comprised of senior management, the committee reports to the CEO and fully considers the opinions and suggestions of the Audit Committee. The responsibilities of the Risk Control and Compliance Management Committee include establishing relevant systems, supervising operations, and handling major issues. The committee adopts a “regular + extraordinary meetings” procedural rule. Meetings are convened through various methods with standardized requirements for notification, attendance, voting, and recording to ensure that risk control is both standardized and effective. For the reporting period ended December 31, 2025, the Group experienced no major risk incidents.

To enhance risk control capabilities, Be Friends has constructed a “Three Lines of Defense” risk management framework. This framework defines responsibilities at each level to ensure the deep integration of risk management with business operations.

Three Lines of Defense	Responsible Department	Key Responsibilities
First Line of Defense	Business departments	Assume primary responsibility for identifying, assessing, and initially controlling risks in daily operations, ensuring risk mitigation measures are integrated into business processes.
Second Line of Defense	Compliance functional departments (finance, legal, etc.)	Provide professional supervision and support. These departments review, monitor, and guide the risk management activities of the business departments to strengthen risk prevention measures.
Third Line of Defense	Audit Committee of the Board	Serve as the supreme supervisory body to comprehensively review risk management strategies and effectiveness. It ensures the independence and validity of the system while supervising the execution of the first two lines of defense and proposing improvements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has established a comprehensive risk management framework covering the entire process of “identification, assessment, response, and reporting”. Be Friends systematically identifies potential risks in business development. Key material risks include risk of continuously rising traffic acquisition costs, compliance and regulatory risks, risk of macroeconomic downturn and weakening consumer sentiment, platform dependency risk. By assessing the probability and potential impact of various risks, the Company develops targeted response strategies. These strategies define responsible parties, execution timelines, and quantitative goals. This ensures that risk control is embedded throughout the entire business chain, achieving a closed-loop management and providing strong support for robust operations and sustainability.

2.2 Compliant Operations

2.2.1 Strengthening the Compliance Governance System

Be Friends attaches great importance to compliant operations. The Company has built a “Five-in-One” compliance governance system covering the “business, streamer, legal, customer service, and regulatory” sectors to guarantee the safe and stable operation of the live-streaming business in all aspects. The Group strictly complies with relevant laws and industry normative documents, including the *Company Law of the People’s Republic of China* (《中華人民共和國公司法》) and the *Securities Law of the People’s Republic of China* (《中華人民共和國證券法》). The Legal and Compliance Department is deeply involved in all business stages. The Company has established a contract performance tracking mechanism to effectively supervise fulfillment and promptly identify and resolve various issues.

Building on this foundation, Be Friends continuously improves specific standards, including compliance standards for product qualifications, promotion compliance standards, and risk lists for sensitive product categories. These standards cover the entire business chain, including product selection, promotion, and after-sales service.

2.2.2 Empowering Compliance Management through Digitalization

Be Friends continues to upgrade “Zhi Jian”, an intelligent product compliance review and risk evaluation system. By innovatively introducing AI technology, the Group has built an automated review system covering the full life cycle from merchant admission to live-streaming compliance. This system enables the intelligent identification, automated control, and real-time early warning of compliance risks.

The core functions of the “Zhi Jian” system include automated review of entity qualifications, intelligent review of brand qualifications, dynamic review of category qualifications, and pre-emptive review of live-streaming compliance. The system effectively promotes comprehensive improvements in compliance management across three dimensions: efficiency, risk control, and business integration. First, it connects all links in the review chain, significantly improving compliance review efficiency. Second, the deep application of AI technology enhances the precision and response speed of risk identification. This shifts compliance prevention and control from “post-event rectification” to “pre-event prevention and concurrent control”. Third, the system integrates compliance requirements into the front end of the business, avoiding compliance risks related to products and live-streaming at the source.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.3 Intellectual Property

Be Friends maintains a “zero-tolerance” policy toward infringement. The Group strictly complies with laws and regulations, including the *Trademark Law of the People’s Republic of China* (《中華人民共和國商標法》), the *Copyright Law of the People’s Republic of China* (《中華人民共和國著作權法》), and the *Patent Law of the People’s Republic of China* (《中華人民共和國專利法》). The Group has formulated and implemented the *Intellectual Property Management System* (《知識產權管理制度》) to standardize the entire process of application, usage, maintenance, and protection across key areas such as trademarks, copyrights, and patents, systematically safeguarding innovation achievements and commercial interests. For the reporting period ended 31 December 2025, the Group was granted 10 software copyrights, 3 copyrights for works and 5 registered trademarks. Meanwhile, the Group has newly filed 75 trademark registration applications and obtained 5 new trademark registrations.

To effectively prevent infringement risks, Be Friends has constructed a dynamic protection mechanism combining “technical monitoring + manual review” to conduct normalized and comprehensive monitoring of live-streaming and short-video content. Upon detecting any infringement, the Company promptly coordinates with relevant business departments to take proactive legal action, such as issuing demand letters or filing lawsuits, ensuring that intellectual property rights remain inviolable. For the reporting period ended 31 December 2025, the Group reported one intellectual property infringement case.

Case

Cracking Down on Infringing “Slice” Videos to Safeguard Brand Reputation

In response to unauthorized accounts on various platforms using edited and reprocessed live-streaming clips to misappropriate the brand for false advertising and sales diversion, Be Friends launched a special rectification campaign. Leveraging AI intelligent recognition technology, the Company accurately located infringing content and halted such activities through formal letters and platform complaints. In the future, we will continue to intensify our efforts against infringement to effectively protect consumer rights and brand reputation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2.4 Information Security and Privacy Protection

2.4.1 Information Security Protection System

Be Friends has formulated internal documents, such as the *Information Security Management System* (《信息安全管理制​​度》), to clarify the organizational structure and management responsibilities for information security. The Group has established an Information Security Task Force responsible for supervising, inspecting, and reporting on information security matters. Information security officers in each department are responsible for departmental security tasks, including identifying and assessing risks, formulating system operation specifications, and conducting regular information security audits. For the reporting period ended 31 December 2025, the Group experienced no major information security incidents.

Be Friends continuously strengthens its information security protection system through three dimensions: management mechanisms, technical safeguards, and personnel empowerment.

- **Management Mechanisms:** The Group implements compliance management requirements by combining risk assessments, permission audits, and log monitoring, while utilizing incentive and disciplinary mechanisms to encourage secure behavior;
- **Technical Safeguards:** The Group has deployed next-generation firewalls equipped with anti-virus modules and Intrusion Prevention Systems (IPS) to intercept malicious network attacks in real-time. Be Friends implements data encryption and multi-factor authentication (MFA), conducts regular backups of critical data, and develops recovery plans to ensure operational stability; and
- **Employee Empowerment:** Dedicated information security personnel, following professional training, promote security specifications within their departments to enhance overall employee risk recognition and protection awareness. For the reporting period ended 31 December 2025, the Group conducted four themed training sessions on information and data security.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Regarding emergency management, Be Friends has established a tiered and categorized emergency plan for information and data security, defining incident levels and disposal procedures. The Company pre-allocates resources and clarifies the division of responsibilities. The Group has built a crisis response mechanism following the “Plan-Do-Check-Act” (PDCA) cycle. Through standardized processes, the Company achieves rapid detection, localization, and remediation. Following incident resolution, the Company completes root cause analysis, system hardening, and plan iteration within a specified timeframe to form a closed-loop management system. Furthermore, the Group regularly organizes system penetration testing and security drills to continuously improve defense capabilities and response efficiency.

In terms of information security auditing, Be Friends has established a two-level audit system. The IT Department is responsible for corporate-level audit supervision, while departmental information security officers implement department-level audits. Regarding audit frequency, the Company reviews user account permissions quarterly, conducts password security checks, and publicly discloses the results of random inspections. The audit scope covers system security, data security, network security, terminal security, and account security to ensure that risks are identifiable, controllable, and traceable.

Case

Building a Strong Defense Line through Practical Information Security Drills

In March 2025, Be Friends organized a practical system attack and defense drill. The Information Security Task Force closely monitored intrusion logs throughout the process, identifying and handling simulated attacks immediately. Through this drill, the Company further refined its closed-loop information security management system, ensuring that protective measures are continuously optimized and dynamically upgraded in real-world scenarios.

2.4.2 Business Continuity

To ensure the stable operation of live-streaming services, Be Friends has strengthened business continuity assurance across multiple dimensions, including server resource allocation, technical optimization, network architecture, and real-time monitoring:

- **Server Expansion:** The Group has deployed redundant multi-cluster architecture for private cloud servers, complemented by the elastic expansion of K8S multi-cluster nodes. This allows for dynamic adjustment of resource allocation based on business load, effectively meeting traffic demands during peak periods;
- **CDN Technical Optimization:** The Group has completed the dynamic switching of self-developed CDN nodes, reducing live-streaming lags caused by node quality issues;
- **Network Architecture Optimization:** The Group has implemented dual-active live-streaming network architecture, achieving 100% reliability for core business operations. The Company utilizes SDN multi-link load technology to improve bandwidth utilization and optimizes Quality of Service (QoS) strategies to reduce packet loss rates during peak periods; and
- **Real-time Monitoring:** The Group has installed monitoring software for real-time alerts to promptly troubleshoot potential lag risks and ensure stable network quality. The Company also employs primary and backup dual-stream pushing and 5G emergency hotspots to refine the live-streaming transmission plan.

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2.4.3 Data Security and Privacy Protection

Be Friends strictly complies with relevant laws and regulations, including the *Data Security Law of the People's Republic of China* (《中華人民共和國數據安全法》), the *Personal Information Protection Law of the People's Republic of China* (《中華人民共和國個人信息保護法》), and the *Personal Data (Privacy) Ordinance of Hong Kong S.A.R.* (《個人資料(私隱)條例》). The Group has established the Data Security and Management Department and created a management process covering the entire data life cycle. The Company regularly evaluates data security operational procedures to protect the data security and privacy rights of Be Friends, its employees, users, and partners in all aspects.

- **Data Collection:** The Group has established data collection specifications and permission control mechanisms to ensure that all processes are legal and compliant;
- **Data Transmission:** The Group implements end-to-end data encryption and security control measures for transmission paths;
- **Data Storage:** Be Friends adopts hierarchical storage and backup strategies to ensure data storage security and recoverability;
- **Data Usage:** Based on the “principle of least privilege”, the Group implements dynamic account management and standardizes data operation processes;
- **Data Sharing:** The Group has established a review mechanism for data sharing and defined third-party responsibility constraints, strictly prohibiting unauthorized third parties from using personal data; and
- **Data Recovery and Disposal:** The Group implements mechanisms for the immediate revocation of account permissions and the secure destruction of storage media.

Indicator	Unit	2025	2024
Number of Training Sessions on Data Security and Privacy Protection	/	4	2
Number of Participants in Training Sessions on Data Security and Privacy Protection	/	400	100
Investment in Data Security Training	RMB	8,000	5,000
Number of Information Security Incidents	/	–	–

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2.5 Business Ethics

Be Friends has established a business ethics governance structure with clear rights and responsibilities. The Board serves as the supreme supervisory body, while senior management leads the construction of the internal control system. Various business units and functional departments collaboratively implement anti-corruption management responsibilities. Meanwhile, the Human Resources Department is responsible for strengthening background checks and integrity reviews for key positions, forming a risk prevention barrier to ensure that business ethics requirements are integrated into the entire recruitment and selection process.

Be Friends upholds high standards of business ethics and strictly abides by laws and regulations in its operating regions, including the *Anti-Unfair Competition Law of the People's Republic of China* (《中華人民共和國反不正當競爭法》), the *Anti-Monopoly Law of the People's Republic of China* (《中華人民共和國反壟斷法》), the *Anti-Money Laundering Law of the People's Republic of China* (《中華人民共和國反洗錢法》), and the *Prevention of Bribery Ordinance of Hong Kong S.A.R.* (《防止賄賂條例》). The Group has formulated internal policies including the *Code of Business Conduct of Be Friends Holding Limited* (《交個朋友控股有限公司商業道德準則》), the *Anti-Money Laundering Policy of Be Friends Holding Limited* (《交個朋友控股有限公司反洗錢政策》), and the *Anti-Fraud Management System of Be Friends Holding Limited* (《交個朋友控股有限公司反舞弊管理制度》). These documents strictly prohibit commercial bribery, benefit transfer, monopoly agreements, and the abuse of dominant market positions, while clarifying control measures for anti-corruption, anti-unfair competition, anti-fraud, anti-money laundering, and anti-extortion.

Furthermore, the *Employee Handbook* (《員工手冊》) clearly prohibits corruption and other violations, providing clear behavioral guidelines for all staff. The Company has also released and implemented the *Management System for Employee Conflicts of Interest* (《員工利益衝突管理制度》), which defines the boundaries of conflict of interest events, provides reporting channels, and details management requirements to reinforce the compliance baseline.

Be Friends maintains a “zero-tolerance” stance toward all types of fraudulent behavior. Through regular annual compliance self-assessments, the Group comprehensively reviews the implementation of relevant regulations and the internal *Code of Business Conduct* (《商業道德準則》). For the reporting period ended 31 December 2025, the Group experienced no major corruption incidents, nor any litigation or regulatory penalties resulting from unfair competition.

The Company continues to refine the *Whistleblowing Policy of Be Friends Holding Limited* (《交個朋友控股有限公司舉報政策》) and has established multiple reporting channels. Whistleblowers are permitted to provide leads anonymously or using their real names, ensuring that employees and partners can effectively exercise their supervisory rights. Be Friends has constructed a whistleblower protection mechanism, applying the highest level of confidentiality to the identity of whistleblowers and other relevant materials. The Group resolutely prohibits retaliation and earnestly protects the privacy and legal rights of whistleblowers.

To continuously enhance governance effectiveness, Be Friends actively organizes anti-fraud training for members of the Board and senior management to strengthen the risk identification and response capabilities of key personnel. In the year 2025, the Group conducted a total of 6 anti-corruption and compliance training sessions, covering 1,408 person-times of all employees, with a total training duration of 28 hours. Additionally, senior management conducts anti-corruption publicity and education for all employees through multi-level advocacy and case studies, fostering an upright corporate culture. For the reporting period ended 31 December 2025, there are no concluded corruption cases involving business units or employees reported by the Group.

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3. QUALITY FIRST

3.1 Strict Product Selection

Adhering to our corporate vision “To become a trusted friend for both consumers and merchants”, Be Friends is committed to providing customers with high-quality, compliant, and reliable products. To this end, the Group consistently refines its product selection mechanisms and has built a diverse and efficient selection system.

The Group has assembled a professional product selection team that engages deeply with industrial belts and premium supplier resources. This team proactively identifies high-quality and eco-friendly products at their source while continuously expanding diversified product selection channels. To improve efficiency, the Group has advanced the digitalization of the product selection process by launching an AI-powered popular product recommendation and intelligent assortment system. By leveraging data models, the Group effectively enhances the efficiency of identifying quality goods and the precision of screening. This is not merely an improvement in efficiency, but also a core pillar through which we fulfill our mission of “ensuring good products do not remain overlooked”. Through digital product selection, we are building a healthy ecosystem where “good money drives out bad”, enabling consumers to place every order out of trust. Be Friends also conducts in-depth research on key products, generating specialized analysis reports focusing on core technical highlights, R&D team strength, and innovation capabilities. These reports provide systematic and professional support for product selection decisions, further elevating the quality of products in the live-streaming rooms.

To strengthen risk control for both commodities and merchants, the Group has implemented comprehensive management measures covering “admission review, process control, continuous supervision, and rectification enhancement”. The Group embeds review mechanisms into the entire management process of product selection, admission, and cooperation to ensure that all listed products meet industry standards and internal quality requirements. Be Friends has formulated internal policies such as the *Standards for Product Selection Qualification* (《選品資質標準》) and the *Product Selection Qualification Review Guidelines* (《選品資質審核指引》). These documents facilitate comprehensive evaluations of merchants and products regarding brand qualifications, compliance certifications, and fulfillment capabilities. By continuously improving verification mechanisms, the Company strengthens the preemptive identification and admission control of high-risk brands and merchants, blocking risks before they occur.

Furthermore, to guarantee product quality, the quality control team collaborates with third-party testing agencies to conduct sample testing, factory inspections at the source, and random spot checks, to strengthen product quality management from the source. For products that fail to pass the review or present issues, the Group has established an unapproved product management mechanism centered on “tiered control, full-process tracking, closed-loop rectification, and coaching empowerment”. The Company implements differentiated measures such as time-bound rectification, specialized rectification, or termination of cooperation. Every step is documented and tracked, followed by a specialized retrospective action upon completion to drive management optimization and continuous improvement.

For the reporting period ended 31 December 2025, the Group introduced the *Be Friends Group Product Selection Redline* (《交個朋友集團選品紅線》) policy. This further clarifies product selection negative list management requirements, strictly prohibiting the admission of brands or products involving pseudo-scientific promotion, fraudulent brand origins, significant public opinion risks, suspected plagiarism or infringement, or a lack of standardized core selling points. This strengthens risk prevention and compliance management at the source.

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For products to be listed, Be Friends has established a three-tier product selection mechanism consisting of the “Pre-screening for Product Selection Review Meeting, Product Selection Review Meeting, and Final Product Selection Review Meeting”. The Company conducts systematic evaluations and step-by-step screening based on five dimensions: brand strength, product quality, customer reviews, sales performance, and price competitiveness. This process identifies reliable premium products that best meet consumer needs from a vast pool of commodities, achieving full-process control over product quality and market alignment.

- **Pre-screening for Product Selection Review Meeting:** Candidates undergo reviews for rule compliance and qualification validity to avoid repetitive product selection and perform preliminary screening for admission eligibility.
- **Product Selection Review Meeting:** Product Selection Building on the screening of product mechanisms and sales conditions, this stage focuses on evaluating the adaptability between the product and user needs; and
- **Final Product Selection Review Meeting:** This stage further assesses the alignment between the product, consumer demand, and live-streaming scenarios.

Once a product is live, the Group adheres to the principle of “rigorous post-launch monitoring”. The Company dynamically tracks spot check results, compliance changes, and user feedback through tiered management. Any identified issues are handled promptly, forming a closed-loop control mechanism that spans product selection, supervision, and improvement.

While solidifying product quality control, Be Friends continuously explores innovative paths for premium products to reach the public. The Company expanded its “Flagship Hard Tech & Heavy Equipment” live-streaming series from “Aerospace” to “AI + Robotics”, successfully launching the New Quality Productive Forces Live Channel 2.0. In this series, the Group introduced an AI robot streamer for the first time, pioneering the human-machine co-streamer model. Be Friends successfully integrated resources from top tech firms such as the “Hangzhou Six Tech Pioneers”. Through full-scenario demonstrations and interactive broadcasting, cutting-edge products and technologies, including domestic robots, brain-computer interfaces, and AI technology, reached the public in perceptible and interactive ways.

Note: “Hangzhou Six Tech Pioneers” is a collective term coined by tech observers and media in early 2025, referring to six private innovative enterprises rooted in Hangzhou that lead in hard tech and frontier fields, reflecting the “Famous University + Well-known City” incubation effect.

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Case

“New Quality Productive Forces Live Channel 2.0” Making Hard Tech Accessible

During the fifth-anniversary event of Be Friends Holding Limited, the Group launched the New Quality Productive Forces Live Channel 2.0. Most of the “Hangzhou Six Tech Pioneers” featured in the live-streaming room, showcasing their innovative products and advanced technologies through diverse formats. The series accumulated over 9.14 million views and over 100 million exposures across the Internet, topping trending lists on mainstream platforms multiple times and serving as a vital window for new quality productive forces to reach the masses.



The New Quality Productive Forces Live Channel 2.0
Showcasing Advanced Tech Products

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3.2 Premium Content

Be Friends strictly complies with relevant laws and regulations, including the *Advertising Law of the People's Republic of China* (《中華人民共和國廣告法》), the *Law of the People's Republic of China on the Protection of Consumer Rights and Interests* (《中華人民共和國消費者權益保護法》), and the *Trademark Law of the People's Republic of China* (《中華人民共和國商標法》). The Company has compiled the *Live Streaming Compliance Manual* (《直播合規手冊》) to regulate the conduct of all personnel. This manual ensures that legal requirements are embedded into every stage of live-streaming planning, content preparation, and pre-launch review, creating a preemptive risk identification and control mechanism. Regarding product cue cards, promotional materials, and streamer scripts used in live-streaming rooms, the Group focuses on verifying the authenticity and compliance of promotional statements to prevent misleading or infringing risks and safeguard the legal rights and interests of consumers.

Responsible Marketing Governance System

Management Dimension	Key Measures
Compliance System Construction	Formulate review guidelines and marketing specifications for live-streaming content; explicitly prohibit false advertising, absolute terms, and misleading expressions; and establish negative list management requirements.
Full-Process Review Mechanism	Establish a full-process review mechanism covering “pre-event audit, concurrent monitoring, and post-event handling”. The Company conducts compliance reviews of product detail pages, promotional materials, and streamer scripts before broadcasting. During live-streaming, the Group carries out inspections, real-time spot checks, and risk alerts. Upon detecting issues, emergency measures such as interrupting the broadcast are taken immediately. The Company promptly takes over complaints and regulatory notifications to initiate verification, rectification, and accountability for non-compliant content.
Information Transparency Mechanism	Fully display key product qualifications and core information while prohibiting the concealment or exaggeration of efficacy. Risk warning cards are set up for special categories to strengthen the protection of consumers’ right to know.
Marketing Conduct Restrictions	Explicitly prohibit the fabrication of marketing gimmicks, the creation of false urgency, or theatrical price-performance promotional behaviors.

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To continuously ensure the compliance of promotional content, Be Friends implements a “training + assessment” dual-track system for streamers. The Company regularly conducts promotional specification training covering the latest laws and regulations, regulatory requirements, and typical cases. Compliance performance is integrated into the assessment system, supported by positive incentives and disciplinary measures for violations. This promotes the simultaneous improvement of employee sustainability in compliance awareness and professional capabilities, ensuring that live-streaming expressions and business conduct consistently meet regulatory standards.

Be Friends conducts the following specialized training to enhance the responsible marketing awareness of all employees:

- **Policy Interpretation:** The Group carries out full-link responsible marketing training centered on the *Administrative Measures for the Supervision of Live-streaming E-commerce* (《直播電商監督管理辦法》). Legal and compliance teams are assembled to interpret regulatory requirements, clarify the primary responsibility for product selection in live-streaming rooms, and standardize compliance promotion. Systematic training is provided for operations, streamers, and business development roles to unify marketing behavior and information display standards; and
- **Specialized Training for Sensitive Categories:** The Group conducts compliance training specifically for second-hand luxury goods and food products. This includes strengthening the review of live-streaming materials and explicitly prohibiting streamers from using absolute terms or misleading expressions that imply investment attributes, thereby comprehensively improving compliance management.

Regarding public opinion incidents related to live-streaming content, Be Friends has established a full-process management mechanism covering “monitoring, disposal, and retrospective” to achieve a systematic response to negative public sentiment. The Group conducts real-time monitoring through multiple channels to promptly identify and report potential risks. For public opinion incidents that occur, the Group implements tiered disposal based on the degree of impact and carries out rectification measures in coordination with regulatory requirements. If consumer rights are compromised, the Group activates the advance compensation mechanism in accordance with laws and regulations to earnestly protect consumers. After an incident is resolved, the Group organizes a specialized retrospective action to analyze root causes and optimize management measures. Furthermore, the Group strengthens risk training for partner merchants, fostering a long-term collaborative prevention mechanism between the Company and its partners.

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3.3 Quality Service

3.3.1 Improving the Service System

Guided by the service philosophy “Be Friends, Beyond Transactions”, Be Friends continuously refines its service system and response mechanisms. By assembling a professional customer service team and optimizing problem-handling processes, the Company provides timely and effective solutions for consumers and partners, enhancing overall service quality and stakeholder satisfaction.

Regarding consumers, the Group strictly follows national standards such as the *Post-sales Service Specification for Live-streaming Marketing* (《網絡直播營銷售後服務規範》) issued by the China Advertising Association, as well as the *Quality Management of Post-sales for E-commerce Live-streaming* (《電子商務直播售後質量管理》) and the *Guidelines for Complaints Handling* (《投訴處理指南》). The Company has formulated the *Post-sales Service Management Specification for Be Friends Live-streaming Rooms* (《交個朋友直播間售後服務管理規範》), which clarifies service principles, responsible entities, and tiered handling processes to ensure post-sales services are efficient, standardized, and traceable.

Be Friends is committed to providing a multi-channel, multi-level, and year-round post-sales service system. Through various channels such as live-streaming room customer service portals, platform private messages, and WeChat Work, the Group provides one-on-one pre-sales and post-sales support. This covers different communication scenarios, improving response timeliness and service personalization while guaranteeing post-sales quality. During the Reporting Period, the Company added full-link customer service support for Baidu live-streaming rooms, further improving multi-platform service coverage.

To elevate customer service levels, Be Friends has adopted the following measures:

Management Direction	Key Measures
Monitoring & Management	Construct a monitoring system centered on product reviews and service experience; leverage self-developed systems to continuously track the positive rating of products in live-streaming rooms and conduct user satisfaction evaluations through the customer service system; provide real-time alerts and intervention for abnormal indicators to drive closed-loop problem resolution.
User Experience Enhancement	Extend service management from post-event response to pre-event participation by encouraging customer service teams to intervene early in product selection and live-streaming preparations; provide guarantees such as “7-day unconditional returns”, “compensation for damage”, and “refunds for allergies”; promote small-sum payment and advance compensation mechanisms to shorten processing cycles.

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Management Direction	Key Measures
Efficiency Optimization	Launch an AI-based intelligent customer service ticket system to optimize problem circulation and handling processes, significantly improving response speed and efficiency.
Performance Management	Integrate user satisfaction performance and complaint handling effectiveness into the performance assessment system; link results directly to team performance through combined incentive and constraint mechanisms to promote continuous improvement in service quality.

Furthermore, for business partners, Be Friends has established comprehensive quality control and service management mechanisms. Before launching new projects or activities, the Group communicates fully to align service directions with customer expectations. During execution, the Company reports progress regularly and provides professional suggestions based on actual conditions. The Group also maintains continuous monitoring and improvement mechanisms, reviewing issues and rectifications through bi-weekly or monthly meetings to optimize workflows and enhance service quality.

3.3.2 Complaint Handling

To protect consumer rights and enhance service efficiency, the Group has established a standardized complaint-handling mechanism. By clarifying response timelines and disposal paths through staged management and closed-loop tracking, the Company ensures that user issues are resolved promptly and effectively.

- **Rapid Response:** Complete the initial response within 2 minutes of receiving a complaint to reassure the user and confirm the issue details;
- **Categorized Solutions:** Preset solutions for different scenarios, such as quality issues, logistics abnormalities, or discrepancies in product descriptions, to trigger the corresponding handling mechanism and improve efficiency;
- **Collaborative Communication:** If merchant cooperation is required, the customer service handler in the live-streaming room establishes a communication channel within 10 minutes to drive the merchant's timely response and implementation of solutions; and
- **Closed-loop Management:** Ensure 100% reply and handling of user feedback. The Company conducts satisfaction follow-ups after problem resolution and only closes the ticket upon user confirmation.

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The Group has formulated a clear recall management system for self-developed sales products, detailing recall scenarios and operational procedures. Regarding product defects or quality issues reported by users, the Group proactively initiates recall procedures based on the situation, conducting testing and root cause tracing while driving rectification measures to prevent potential impacts on consumer rights or health. Consumers can obtain recall information or technical support via the customer service hotline. During the Reporting Period, the Group received no customer complaints that significantly impacted business operations, and no product recalls have been initiated on safety and health grounds, with zero recalls.

Indicator	Unit	2025	2024
Customer Satisfaction	%	93	93
Number of Product Recall	/	—	—
Complaint Rate on Live E-Commerce Platform	%	0.01	0.01
Complaint Resolving Rate	%	100	100
Number of Customer Service Training Held	/	17	20
Number of Participants in Customer Service Training Sessions	/	25	30
Total hours of Customer Service Training Sessions	Hours	25	30

3.4 Technological Empowerment

Be Friends continuously advances technological innovation and digital capability building. The Company has formulated the *R&D and Innovation Management System* (《研發與創新管理制度》) to consistently increase R&D investment in digital transformation and technological empowerment, enhancing operational and management efficiency. For the reporting period ended 31 December 2025, the Group was granted 10 software copyrights.

As the self-developed smart live-streaming business solution of the Group, the “Friend Cloud” platform continues to deepen full-link digital operational capabilities. It has achieved significant breakthroughs in core areas such as technological empowerment, process optimization, compliance assurance, and financial synergy. By deeply embedding AI technology into the entire live-streaming e-commerce chain, the Company achieves intelligent empowerment from product selection to content production.

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Empowerment Dimensions	Specific Content and Results
Compliance Management	Strengthen brand qualification review functions through digitized management to provide technical assurance for standardized business development;
Product Selection Management	Construct multi-dimensional product evaluation models relying on natural language processing and deep learning algorithms to improve the precision of market potential prediction and product selection decisions;
Sales Management	Launch an AI copywriting engine capable of automatically generating compliant scripts based on streamer styles and user personas; provide customized marketing support for a vast number of commodities to improve conversion efficiency while reducing labor costs;
User Experience	Upgrade the distributed storage and computing analysis architecture to optimize data scheduling logic, enhancing system performance and data processing efficiency to improve user experience;
Collaborative Operations	- Optimize product selection processes and information consistency verification mechanisms to enhance product data accuracy and broadcasting stability; and - build a multi-agent collaborative intelligent framework to drive data linkage and process synergy across merchant invitation, product selection, live-streaming, and retrospective stages, gradually forming an intelligent operational closed-loop system covering core live-streaming e-commerce scenarios.

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3.5 Supplier and Partner Management

Be Friends integrates sustainability concepts into the supply chain management system, continuously strengthening supplier admission, supervision, and exit mechanisms to promote a standardized, transparent, and responsible cooperation ecosystem.

- **Admission Management:** The Company conducts comprehensive reviews of partners' business qualifications and product compliance documents, focusing on the authenticity and integrity of certifications. Entities failing to meet requirements are rejected and required to perform rectifications. A "one-vote veto" mechanism is implemented for cases involving fraudulent qualifications, strictly prohibiting such entities from entering the cooperation process.
- **Supervision and Evaluation:** The Group regularly reviews the qualifications, legal litigation information, and quality control capabilities of partners and suppliers. These monitoring results are integrated into a tiered management system and linked to annual merchant evaluations, establishing a normalized oversight mechanism.
- **Exit Mechanism:** For suppliers and partners involving fraudulent qualifications, major negative public opinion, or damage to consumer rights, the Company adopts management measures such as deducting deposits or blacklisting. In severe cases, the cooperative relationship is terminated.

Regarding the ESG management of suppliers and partners, the Company has formulated the *ESG Code of Conduct for Supply Chain and Partners of Be Friends Holding Limited* (《交個朋友控股有限公司供應鏈合作夥伴 ESG 行為準則》), embedding requirements for environmental protection, labor rights, occupational health and safety, and business ethics into the supply chain management framework.

Be Friends encourages products and brands with green and environmental certifications to be featured in the live-streaming rooms. During the product selection stage, the Company provides a "green channel" for reviewing such products and allocates certain operational resources after launch to promote sustainable consumption practices. Meanwhile, the Group requires partners to comply with applicable labor laws and regulations, safeguard the legal rights of employees, prohibit forced labor and child labor, and maintain a fair employment environment. The Company also focuses on occupational health and safety management, driving the establishment of work safety and risk prevention mechanisms.

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Concerning business ethics, Be Friends explicitly requires partners to adhere to five standards: integrity, compliance, self-discipline, respect for rights, and fair competition. All admitted merchants are required to sign the *Transparent Cooperation Agreement* (《陽光合作協議》) and the *Integrity Commitment Letter* (《廉潔承諾書》) to clarify their responsibilities for integrity and compliance. Performance in these areas is integrated into the annual evaluation system.

Furthermore, the Group provides business consultation and training services for merchants through a combination of WeChat groups, online consultation, and self-service document access. These efforts strengthen supplier responsibility awareness and management capabilities, continuously improving the overall level of partners in compliant operations and sustainability. In 2025, the Group completed 12 sessions of ESG and compliance training for suppliers, achieving 100% training coverage for all cooperating suppliers.

For the reporting period ended 31 December 2025, the Group handled over 10,000 inquiries from merchants and the business middle-office, as well as nearly 400 online tickets. Simultaneously, the Company established the *Merchant FAQ* (《商家常見問題答疑》) document to systematically address high-frequency issues such as cooperation processes, providing unified and clear operational guidance and compliance instructions to reduce risks arising from information asymmetry.

Indicator	2025	2024
Total Suppliers	1,205	1,196
— Mainland of China	1,179	1,168
— Hong Kong, Macau, Taiwan and Overseas Regions	26	28

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4. PEOPLE-ORIENTED

4.1 Protection of Employee Rights

4.1.1 Safeguarding Basic Employee Rights

Be Friends consistently upholds the core governance philosophy of being “People-Oriented”. The Company strictly complies with laws and regulations, including the *Labor Law of the People’s Republic of China* (《中華人民共和國勞動法》), the *Labor Contract Law of the People’s Republic of China* (《中華人民共和國勞動合同法》), and the *Employment Ordinance of Hong Kong S.A.R.* (《僱傭條例》). The Group continuously refines its human resources system centered on the *Labor Contract Management System* (《勞動合同管理制度》) to earnestly protect the legal rights of employees, build harmonious and stable labor relations, and support the mutual growth and long-term development of both the enterprise and its staff.

The Group standardizes the full-process management of labor relations in accordance with the law. The Company signs labor contracts with employees on the basis of equality and voluntariness, makes full contributions to social insurance and the housing provident fund, and ensures that employees enjoy full leave benefits, including statutory holidays, paid annual leave, marriage leave, bereavement leave, maternity leave, work-related injury leave, nursing leave, and parental leave. Meanwhile, the Company bears the full cost of supplementary commercial medical insurance for regular employees and pays for work-related injury and accident insurance for interns and part-time personnel, effectively enhancing the level of employee welfare protection.

Be Friends has established a normalized compliance inspection mechanism led by the Human Resources Department to ensure that employment practices consistently meet regulatory requirements and industry standards. For the reporting period ended 31 December 2025, the Group experienced no major labor rights disputes, and employee satisfaction remained at an industry-leading level.

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4.1.2 Prohibition of Child Labor and Forced Labor

Be Friends strictly abides by the requirements of relevant laws and regulations, such as the *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》) and the *Provisions on the Prohibition of Using Child Labor* (《禁止使用童工規定》). The Company has formulated and implemented the *Management System for the Prohibition of Child Labor and Forced Labor of Be Friends Holding Limited* (《交個朋友控股有限公司禁止童工與強迫勞動管理制度》), which explicitly prohibits any form of child labor, forced labor, or involuntary labor. These requirements are extended to the supply chain and partners to create a responsible value chain. The Group has adopted the following measures:

- **Principle of Voluntary Labor Relations:** All labor contracts are concluded based on the principles of equal negotiation and voluntary signing, with terms clearly stating the rights and obligations of the parties. A digital signing system is utilized to ensure transparency and traceability, eliminating any form of coercion, inducement, or other involuntary signing behaviors.
- **Dual Identity Verification Mechanism:** During the recruitment stage, the Company utilizes standardized procedures such as identity verification and background checks to strictly screen applicants' age information and labor-related risk records. This ensures that all employees meet the minimum legal working age and eliminates the possibility of child labor at the recruitment entry point.

For the reporting period ended 31 December 2025, the Group experienced no violations related to child labor or forced labor, maintaining a strong record of employment compliance.

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4.1.3 Diversity and Equal Opportunity

Be Friends strictly complies with relevant laws and regulations, including the *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Labor Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》), and the *Employment Ordinance* of Hong Kong S.A.R. (《僱傭條例》). The Company has also released internal management specifications such as the *Policies of Be Friends Holding Limited on Diversity, Equality and Inclusion* (《交個朋友控股有限公司多元、平等與共融政策》) and the *Employee Handbook* (《員工手冊》) to foster a diverse, equal, and inclusive workplace environment.

The Group upholds the employment philosophy of diversity, equality, and inclusion. The Company explicitly prohibits any form of discrimination based on gender, ethnicity, physical condition, marital or childbearing status across all workplace stages, including recruitment, promotion, training, compensation, and benefits. In 2025, the proportion of female members in the Group's management stood at 40.94%. In the "she economy" and the live-streaming e-commerce industry where communication and aesthetic sensibility are core competitiveness, a diverse management perspective is the key driving force for us to understand users and innovate content. We believe that gender equality is not only a social responsibility, but also good business sense.

Meanwhile, the Group respects the dignity and personality of every employee and maintains a "zero-tolerance" policy toward any form of violence, bullying, discrimination, or sexual harassment in the workplace. In 2025, the Group introduced the *Management System for the Prevention and Control of Workplace Sexual Harassment* (《工作場所性騷擾防治管理制度》), covering all employees. By defining the boundaries of sexual harassment, standardizing complaint and investigation procedures, and strengthening protection and accountability mechanisms, the Company prevents and halts workplace sexual harassment at the institutional source.

For the reporting period ended 31 December 2025, the Group had a total of 61 employees from ethnic minority groups and 13 employees with disabilities.

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4.1.4 Democratic Communication

Be Friends upholds an employee-centric philosophy and continuously refines its communication mechanisms. The Company has established multiple communication channels, including employee representative assemblies, regular communication meetings, an employee complaint email, and an online suggestion platform, ensuring that employee opinions are transmitted and addressed promptly. We have established a labor union and implemented a regular response mechanism focusing on core issues such as compensation and benefits, working hour management, and career development, effectively addressing practical concerns raised by employees.

Indicator		2025		2024	
		Number	Percentage (%)	Number	Percentage (%)
Total Number of Employee		1,408	100.0	1,475	100.0
By Employment Type	Full-time	1,043	74.1	1,163	78.9
	Internship and Part-time	365	25.9	312	21.2
By Gender	Female	760	54.0	792	53.7
	Male	648	46.0	683	46.3
By Age	30 and below	1,151	81.8	1,040	70.5
	31 to 40	236	16.8	350	23.7
	40 to 50	18	1.3	69	4.7
	51 and above	3	0.2	16	1.1
By Region	Mainland China	1,405	99.8	1,470	99.7
	Hong Kong, China	3	0.2	5	0.3
By Job Grade Levels	Directors	6	0.4	7	0.5
	Senior Management	3	0.2	3	0.2
	Middle Management	36	2.6	72	4.9
	Junior Management	110	7.8	100	6.8
	General Staff	1,253	89.0	1,293	87.7
Diversity and Opportunity	Employees from Ethnic Minorities	61	4.3	84	5.7
	Employees with Disabilities	13	0.9	8	0.5
	Nationalities of Employee	–	/	–	/

Note: The scope of above statistics includes the Directors of the Group, the full-time, part-time and internship employees with legally signed labor contracts.

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Indicator		2025 %	2024 %
Annual Employee Turnover Rate		57.6	35.9
By Gender	Male	50.3	32.6
	Female	65.3	39.0
By Job Grade Level	Senior Management	66.7	–
	Middle Management	45.7	13.3
	Junior Management	52.3	26.5
	Employee	58.7	38.5
By Age	30 and below	58.3	47.5
	31 to 40	54.9	20.5
	40 to 50	59.1	13.7
	51 and above	50.0	–
By Region	Mainland China	57.7	36.0
	Hong Kong, China	50.0	–

Note 1: Employee turnover rate = Number of employees leaving the company in a year/(Number of employees at the beginning of the period + Number of new employees recruited in the period)

Note 2: The scope of the employee turnover rate covers full-time employees, internship and part-time are not included in the calculation. In 2025, the Group relocated Beijing office to Hangzhou, resulting in a temporary increase in the annual employee turnover rate.

Note 3: During the Reporting Period, the Group experienced changes in its senior management. At the beginning of the year, there were three executives. Two resigned during the Year, and the resulting vacancies were filled by internal promotions.

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4.2 Employee Care

We are committed to fostering a harmonious work atmosphere, deeply integrating traditional Chinese culture with corporate humanistic spirit, and organizing diverse festive celebration activities for all employees. During statutory and traditional holidays such as the Spring Festival, Lantern Festival, Women's Day, Labor Day, Mid-Autumn Festival, and Dragon Boat Festival, we organize cultural activities for all staff and distribute holiday gifts, allowing every employee to feel the strong festive atmosphere and the Company's care.

We focus on employee happiness and satisfaction, establishing a regular satisfaction survey mechanism. We conduct comprehensive surveys covering team-building activities, health check-ups, birthday care, payroll card service experience, and other aspects to continuously optimize employee benefits and service guarantees, thereby enhancing employees' sense of belonging and fulfillment.

We attach great importance to fundamental employee security. To this end, we established the Be Friends Employee Care Fund to safeguard employee health. The Care Fund provides special assistance fund support to employees facing life difficulties due to major illnesses, accidental injuries, or accidental death. For the year ended 31 December 2025, the Care Fund cumulatively assisted 3 employees, with total donations amounting to RMB15,000.

We strictly comply with the *Law of the People's Republic of China on Safeguarding the Rights and Interests of Women* (《中華人民共和國婦女權益保障法》) and relevant laws and regulations, comprehensively safeguarding the rights and interests of female employees. For special groups such as pregnant and breastfeeding women, we provide specific rights protection: employees on maternity leave legally enjoy the full local maternity leave period and receive their salaries in full and on time during the leave; male employees are entitled to full paternity leave; and we provide childbirth allowances and family childbirth care benefit red envelopes to employees and their spouses. For breastfeeding employees, we have set up private and independent mother-and-child rooms and provide a daily 1-hour flexible nursing break, effectively protecting the legitimate rights and interests of employees.

The Group established the Women's Federation of Be Friends Holding and continues to deepen the construction of the Women's Federation organization. We host experiential activities such as "July's Fiery Trio: AI Empowering Careers x Intangible Cultural Heritage IP Creation x The Balance Philosophy of Female Leaders" and "Mindfulness and Inner Peace," enhancing the status and role of women in enterprise development, promoting gender equality and the realization of corporate social responsibility, and fostering a strong atmosphere of caring for and supporting women's development.



Basketball League



Basketball League

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

4.3 Health and Safety

We strictly comply with relevant laws and regulations, including the *Labor Law of the People's Republic of China* (《中華人民共和國勞動法》), the *Law of the People's Republic of China on the Prevention and Control of Occupational Diseases* (《中華人民共和國職業病防治法》), the *Law of the People's Republic of China on Work Safety* (《中華人民共和國安全生產法》), as well as Hong Kong's *Occupational Safety and Health Ordinance* (《職業安全與健康條例》) and *Employees' Compensation Ordinance* (《員工補償條例》). We have formulated internal safety management systems such as the *Occupational Health and Safety Declaration of Be Friends Holding Limited* (《交個朋友控股有限公司職業健康與安全聲明》), *Safety Emergency Plan* (《安全應急預案》), *Emergency Execution Manual* (《應急執行手冊》), and *First Aid Guidelines* (《急救指引》), clarifying the processes and emergency plans for occupational health and safety management. These sounding systems provide comprehensive protection for employee health and safety, creating a secure and solid working environment.

Furthermore, we strengthen health security and risk awareness by providing employees with commercial medical insurance, regular health check-ups, mental health lectures, and safety training. We regularly inspect workplace safety, check the effectiveness of first-aid equipment, and organize sports activities to safeguard employees' physical and mental health and reduce potential risks. For the year ended 31 December 2025, the Group's employee health check-up coverage rate reached 100%.

For each of the past three years, including the reporting period, the Group has had no work-related fatalities. For the year ended 31 December 2025, the Group had zero days lost due to work-related injuries.



Indicator	Unit	2025	2024
Number of Work-Related Fatalities per Year	Number	—	—
Work-Related Fatality Rate per Year	%	—	—
Number of Workdays Lost Due to Work-Related Injuries	Days	—	—
Health Check Coverage Rate (Full-Time Employees)	%	100	100
Health Check Coverage Rate (Part-Time Employees)	%	—	—

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4.4 Employee Training and Development

4.4.1 Remuneration System and Performance Evaluation

We adhere to the principles of fairness and justice in compensation management, continuously optimizing internal systems such as the Remuneration Policy (《薪酬制度》) and the Performance Management Policy (《績效制度》) to build a more comprehensive corporate compensation and performance management framework. We conduct performance evaluations for all employees using a Key Performance Indicator (KPI)-centered assessment approach, incorporating corrective steps like 360-degree reviews and calibration to ensure the evaluation results are just and accurate.

Regarding compensation strategy, we adopt a mixed approach combining market-following and cost-oriented strategies. The compensation structure implements a diverse combination of “monthly salary + variable bonus + annual bonus + benefits and allowances + equity incentives” to ensure the compensation structure remains competitive in the market.

Furthermore, we combine a biannual salary adjustment mechanism with quarterly performance reviews. Based on performance evaluation results, we provide salary adjustments for top performers, offer more timely performance feedback, and implement differentiated incentives. We regularly conduct internal and external compensation surveys and analyses, determining reasonable salary adjustment ranges by integrating market compensation data and internal cost data. We implement long-term incentives such as equity and deferred cash to strengthen the benefit-sharing mechanism linking employees with the Company’s long-term development.

4.4.2 Promotion Channels

Through the *Talent Development Strategy of Be Friends Holding Limited* (《交個朋友控股有限公司人才發展戰略》) and the *Performance Management Policy* (《績效制度》), we have established a dual-track promotion system comprising the professional channel and the management channel, providing diverse growth paths for employees with different development aspirations. The professional channel includes promotion levels such as Specialist, Expert, and Senior Expert, helping employees delve deeply into their professional fields and become technical authorities. The management channel outlines a development path from Supervisor, Manager, and Director to Senior Executives, cultivating core talents with comprehensive management capabilities. Both channels support employees in transitioning between them based on their strengths and career plans.

At the same time, we have established a clear and well-defined job grade system, reserving ample promotion space for employees. In addition, the Group implements a fixed-cycle promotion evaluation mechanism. Employees who meet the qualification requirements can initiate the promotion process, achieving the dual possibilities of job grade advancement and track rotation, fully activating employees’ motivation for growth.

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4.4.3 Employee Training

Guided by the principle of “Strategic Orientation, Multi-dimensional Empowerment” and through systems such as the *Talent Development Strategy of Be Friends Holding Limited* (《交個朋友控股有限公司人才發展戰略》), the *Employee Training Management System* (《員工培訓管理制度》), the *Performance Management Policy* (《績效制度》), and the *Lecturer Honor Management Mechanism of Be Friends* (《交個朋友講師榮譽管理機制》), we have built a comprehensive, multi-level training system. For the year ended 31 December 2025, the Group’s employee training coverage rate was 100%.

Regarding talent pipeline development, we have established systematic cultivation programs for new employees, management reserves, newly appointed managers, and interns. For core business groups like streamers, we have constructed a dual-core empowerment system focusing on professional capability enhancement and compliance risk prevention. We strengthen professional competencies through centralized training, one-on-one retrospective sessions, and product-specific coaching. Concurrently, we have established a full-platform compliance training and admission assessment mechanism, sharing typical violation cases to continuously elevate risk prevention awareness. For the management, we have built a regular learning mechanism, continuously strengthening strategic thinking and governance capabilities through benchmark visits, industry exchanges, and specialized training. In 2025, closely aligned with the Group’s development strategy, we introduced specialized training on managerial competency development, financial intelligent transformation, omni-channel growth strategy, and business empowerment of HR, precisely matching job requirements and effectively enhancing team professional efficacy and execution.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Case

Holding an AI Application Challenge to Ignite the Innovation Engine

In June 2025, we hosted the inaugural “AI Application Challenge”, with over 60 projects participating, 12 of which emerged as winners, covering scenarios such as content production, efficiency improvement, and strategic assistance. This event used competition as a form of training, building a talent and project foundation for the AI strategy, while also providing the industry with practical references for technology-driven transformation.



AI Application Challenge

Indicator		2025			2024		
		Number	Training Hours	Average Training Hours	Number	Training Hours	Average Training Hours
Employee Training		1,408	23,639	17	1,317	17,121	13
By Gender	Female	652	12,102	16	643	8,359	13
	Male	756	11,537	18	674	8,762	13
By Job Grade Level	Directors	3	36	12	3	30	10
	Senior Management	45	720	16	75	975	13
	Middle Management	108	1,871	17	106	1,378	13
	Junior Management	1,252	21,012	17	1,133	14,738	13

Note: The scope of training statistics covers all employee types, including full-time, part-time employees and interns.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

5. SOCIAL CONTRIBUTION

5.1 Building a Harmonious Society

We actively fulfill our corporate social responsibility, continuously deepening our efforts in areas such as education, health, disaster relief, rural revitalization, and animal protection. We encourage employees to engage in volunteer services, conveying warmth to society through live-stream advocacy, charitable donations, and on-site visits.

We have long been dedicated to the field of live-streaming to aid agriculture, using the power of e-commerce to empower rural revitalization. We have created live-streaming projects for distinctive agricultural products covering over 30 provinces, municipalities, and autonomous regions nationwide. We have cumulatively conducted over 50 special live-streaming sessions to aid farmers, driving agricultural product sales exceeding RMB600 million, effectively helping farmers in remote areas expand sales channels and increase income. We have also actively participated in national-level projects such as the “Online Agricultural Fair” and the “Never-Ending China-South Asia Exposition”. In September 2025, we officially assumed the role of Zhejiang Province’s “Local Specialty Product Recommendation Ambassador” and pioneer in aiding agriculture, helping high-quality agricultural products move from rural fields into millions of households.

Case

Traceability Live-streaming of Jiaozuo “Lu Soil” Iron Stick Yam

In December 2025, under the guidance of the Jiaozuo Municipal Bureau of Commerce, we went deep into the production area featuring Lu Soil in Wenxian County, Jiaozuo, and launched a special traceability live-stream for Iron Stick Yam. This live-streaming event broke through the traditional agriculture support mode, accurately met the new trend of healthy consumption, and helped agricultural products move from “grown well” to “sold well with a strong brand”, providing a new model for the branding breakthrough of geographical indication agricultural products.

We proactively shoulder social responsibility, responding swiftly to sudden disasters. For the year ended 31 December 2025, we donated HKD1 million to residents affected by a fire in Hong Kong, for medical treatment, temporary resettlement, and transitional living support, assisting the affected people in returning to normal life as soon as possible.

We have long been concerned about the living conditions of stray animals. We have joined hands with Ta Foundation and multiple pet brands to continuously carry out rescue donations and public welfare advocacy. For the year ended 31 December 2025, we successively donated pet food, medical supplies, and heat-relief items to several stray animal rescue bases and life stations in Zhejiang, Shanghai, Tianjin, and other locations. We also promoted pet care knowledge through public welfare live-streams, working together to build a beautiful home where humans and animals coexist harmoniously.

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Case

Donation to Protect Stray Animals

In July 2025, we joined hands with Ta Foundation and multiple pet brands to visit two stray animal rescue bases in Zhejiang, delivering more than 2 tons of pet food and medical supplies to more than 5,000 stray animals. In addition, we also initiated on-site adoption and naming activities through a public welfare live-stream, attracting widespread attention and participation from netizens and gathering social goodwill.

5.2 Promoting Industry Development

Regarding promoting the standardized development of the industry, we actively respond to calls for industry norm construction. We joined the Shanghai Government-Enterprise Collaborative Governance Working Mechanism and signed the *Convention on Self-Discipline in Live-streaming E-commerce Industry of Shanghai* (《上海直播電商行業自律公約》), making commitments covering dimensions such as marketing practices, platform management, fair competition, and consumer rights protection. Meanwhile, relying on a strict product selection process, multi-round quality inspections and regular compliance training for employees, we continue to build a high-quality live streaming and shopping experience, promote the optimization of market order through practical actions, jointly build a transparent and healthy business environment, and contribute to the high-quality development of the industry.

On this basis, we continuously participate in industry exchanges and experience sharing. We actively take part in industry summits and forum events, sharing operational methodologies for live-streaming e-commerce on topics such as deep cultivation of live-streaming room matrix traffic, AI technology empowerment, and brand growth paths, promoting industry experience exchange and capability co-construction. At the same time, we actively explore the “Industrial Belt + Live-Streaming” model and publish research reports, proactively sharing practical insights. As of the year ended 31 December 2025, we won important industry awards such as the “King of Annual Live-streaming Sales” and the “Annual Influential Digital Human Live-streaming Agency Award”, with our professional capabilities gaining widespread recognition.

Case

Be Friends Holding Limited Officially Signs the *Convention on Self-Discipline in Live-streaming E-commerce Industry of Shanghai*

In May 2025, Be Friends Holding Limited officially signed the *Convention on Self-Discipline in Live-streaming E-commerce Industry of Shanghai* (《上海直播電商行業自律公約》). This convention was formulated under the guidance of the Shanghai Online Shopping Chamber of Commerce in conjunction with multiple departments, explicitly prohibiting behaviors such as false advertising, data fraud, infringement, and sale of counterfeit goods. We have long adhered to high-standard product quality control and compliance management. This signing further demonstrates our industry commitment to promoting standardization through self-discipline and establishing credibility through responsibility.



The signing ceremony of the *Convention on Self-Discipline in Live-streaming E-commerce Industry of Shanghai*

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6. GREEN DEVELOPMENT

6.1 Response to Climate Change

We have incorporated climate change into our core risk management framework and actively respond to the climate-related disclosure requirements in the ESG Guide, continuously improving our climate response mechanisms. Through systematic identification and assessment of climate-related risks and opportunities, we integrate the analysis results into operational management and decision-making processes, formulate and implement various response measures, enhance overall climate adaptability and resilience.

6.1.1 Governance

The Board, as the highest governing body for climate change-related management, is responsible for regularly reviewing and overseeing the progress of climate change strategies, objectives and key management initiatives. The ESG Management Working Group assumes specific implementation responsibilities, coordinates the advancement of various work including greenhouse gas emission control and climate risk prevention, and reports implementation progress to the Board annually to ensure the orderly progress of climate change response. Meanwhile, the ESG Specialized Execution Group is responsible for integrating climate management into daily operations and coordinating the implementation of specific actions.

The Board and senior management possess extensive management experience. We regularly report on climate-related work progress and industry development trends to ensure the Board and management team stay abreast of the latest developments.

6.1.2 Strategy

We have systematically identified climate-related risks and opportunities associated with the Group's core businesses in line with the requirements of the ESG Guide. For climate risk analysis, we refer to domestic and international climate-related disclosure standards and mainstream scenario models and systematically identify and assess the types of climate risks faced in business operations across short-term, medium-term and long-term time horizons, analyze the risk impact transmission mechanisms, and evaluate the degree of impact. Meanwhile, drawing on industry's best practices and cases, we actively identify and explore climate opportunities to promote the organic integration of climate issues into business development.

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Time Horizon	Time Boundary	Explanation
Short term	2025-2026	The short-term corresponds to the Company's current operating cycle and the clearly defined policy implementation phase, focusing on the direct impacts of climate-related risks and opportunities on the Group's operating costs and business.
Medium term	2026-2030	The medium-term corresponds to the critical carbon peak stage before 2030 and the period of continuous strengthening of global emission reduction commitments, during which the impacts of climate transition are gradually transmitted to the Company's operations and business structure.
Long term	2030-2050	The long-term aligns with China's "carbon peaking and carbon neutrality" goals and the global net-zero emission pathway, covering the stage of deep decarbonization and industrial structure restructuring.

CLIMATE RISKS AND OPPORTUNITIES

Climate risks and opportunities	Description of risks and opportunities	Impact Period	Scope of Impact
Physical Risks			
Hurricane	Hurricanes may cause power outages or facility damage to live broadcast bases and cooperative logistics nodes, resulting in interrupted live streaming, delayed order delivery and blocked supply chain performance, affecting sales and brand reputation.	Short term	The upstream value chain Internal operations The downstream value chain

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate risks and opportunities	Description of risks and opportunities	Impact Period	Scope of Impact
Floods and heavy rain	Heavy rain or urban flooding may compromise the safety of operation sites and facilities, increasing the risk of damage to infrastructure, equipment and materials. Regional traffic paralysis in core cities may affect the attendance of hosts and operation personnel or the transportation of goods, leading to lower performance efficiency and increased after-sales pressure.	Short term	The upstream value chain Internal operations The downstream value chain
Extreme heat weather	Sustained high temperatures will raise the demand for cooling electricity and water at live broadcast and operation sites, driving up operating costs, while posing challenges to personnel health and work intensity.	Short term	Internal operations
Rising Average Temperatures	The upward trend in average temperatures has prolonged the duration of high temperatures and increased the frequency of heatwaves, which may exert a sustained impact on urban energy system loads and site operating conditions.	Medium-to-long term	Internal operations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate risks and opportunities	Description of risks and opportunities	Impact Period	Scope of Impact
Transition Risks			
Policy Risks	Under the goals of “carbon peaking and carbon neutrality”, stakeholders such as regulators and the capital market have imposed increasingly stringent requirements on enterprises regarding the disclosure of climate-related data.	Short term	Internal operations
Market Risks	The industry continues to promote the development of green product sections, the enhancement of climate information disclosure, and the advocacy of low-carbon consumption to improve brand image. Against this backdrop, if the Group fails to improve its relevant capabilities, market competition may exert an adverse impact on its market share.	Medium-to-long term	The upstream value chain Internal operations
Reputation Risks	Challenges to green claims and environmental controversies involving cooperative brands may easily trigger public opinions and damage platform trust, thereby affecting traffic and business cooperation.	Short-to-long term	Internal operations The downstream value chain
Transition Opportunity			
Resource Efficiency	With the development of low-carbon technologies, the resource utilization efficiency of business operations has been improved, a green and efficient logistics system has been increasingly perfected, and user experience has been continuously enhanced.	Medium-to-long term	Internal operation

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CLIMATE SCENARIO ANALYSIS

We actively conduct qualitative climate scenario analysis. Referencing the Shared Socioeconomic Pathways issued by the Intergovernmental Panel on Climate Change (IPCC), we adopt the low-emission scenario (SSP1-2.6), intermediate-emission scenario (SSP2-4.5) and high-emission scenario (SSP5-8.5) as the analytical basis for physical risk assessment. For transition risks and opportunities, in accordance with the Stated Policies Scenario (STEPS) and Net Zero Emissions Scenario (NZE) released by the International Energy Agency (IEA), we systematically analyze the potential impacts of major transition risks and opportunities on the Group's business operations and financial conditions by combining different time horizons and carbon emission intensity pathways.

Applicable Scenario	Climate Scenario	Scenario Description	Projected Warming by the End of the Century
Physical Risks	SSP1-2.6	This scenario requires global collaboration and strong policy support, urging rapid global action to reduce greenhouse gas emissions, so as to limit the rise in global average temperature to no more than 2°C relative to pre-industrial levels.	Approximately 2°C
	SSP2-4.5	This scenario assumes global socio-economic development follows historical trends with moderate progress in climate policies. Greenhouse gas emissions will peak in the medium term and then gradually decline.	Approximately 2.7°C
	SSP5-8.5	Representing a fossil fuel-driven high-growth pathway (SSP5) without effective climate mitigation measures, this scenario features continuously rising greenhouse gas emissions and is used to simulate climate change under extremely high-emission conditions.	Approximately 4.4°C

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Applicable Scenario	Climate Scenario	Scenario Description	Projected Warming by the End of the Century
Transition Risks	Stated Policies Scenario (STEPS)	This scenario integrates existing and proposed energy, climate and industrial policies, as well as policy orientations supported by market expectations, infrastructure development and financial conditions even if not yet formally legislated.	Approximately 2.5°C
	Net Zero Emissions Scenario (NZE)	This scenario outlines an ambitious transition pathway to achieve global net-zero CO ₂ emissions by 2050, aligned with the long-term goal of limiting global average temperature rise to 1.5°C.	Approximately 1.5°C

PHYSICAL RISK SCENARIO ANALYSIS

Risk Category	Low Emission Scenario (SSP1-2.6)	Medium Emission Scenario (SSP2-4.5)	High Emission Scenario (SSP5-8.5)	Impact on Financial Indicators
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Acute Risks

Heatwaves	Increased demand for office cooling due to heatwave weather leads to higher summer electricity costs.	Sustained high temperatures and tight power supply may cause power curtailment or equipment overload, affecting the stability of live broadcast systems.	- Frequent heatwave weather will significantly increase site energy consumption and equipment maintenance costs. - Phased power curtailment may occur in some regions, impacting live broadcast stability.	Operating Costs
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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk Category	Low Emission Scenario (SSP1-2.6)	Medium Emission Scenario (SSP2-4.5)	High Emission Scenario (SSP5-8.5)	Impact on Financial Indicators
Hurricanes Floods & Heavy Rainfall	- Operational facilities face a sporadic risk of damage but can recover quickly through site reinforcement, backup facilities, and emergency plans. - Temporary adjustments to live broadcast bases, logistics delays, and short-term fluctuations in power or network may occur.	- Increased probability and severity of damage to operational facilities and power systems lead to higher operation and maintenance costs. - Impact on employee commuting and attendance is limited; risks can be mitigated through remote work and scheduling adjustments. - Instability of infrastructure operations and fluctuations in personnel attendance may weaken the continuity and stability of live broadcast operations.	- Structural damage to live broadcast bases, elevated risk of long-term suspension or frequent interruptions, and a substantial increase in equipment renewal and insurance expenses create systematic pressure on fixed operation costs and revenue. - Significant rise in employee safety risks; frequent home office arrangements or live broadcast suspensions may cause phase business halts. - Increased risk of frequent live broadcast disruptions, damaged cross-regional transportation and logistics networks, and unstable partner deliveries result in order fulfillment delays, higher return rates, and fluctuating sales rhythms.	Fixed Assets Operating Revenue Operating Costs

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Risk Category	Low Emission Scenario (SSP1-2.6)	Medium Emission Scenario (SSP2-4.5)	High Emission Scenario (SSP5-8.5)	Impact on Financial Indicators
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Chronic Risks

Rising Average Temperatures	Increased temperature days may lead to volatile electricity expenditure, with the overall cost impact relatively controllable.	Temperatures show a sustained upward trend, driving increased demand for operational water use, cooling, and equipment heat dissipation, thereby elevating electricity costs.	- Significant increase in corporate energy costs under the backdrop of continuous high-intensity temperature rise. - Regional power load increases may drive phased electricity price hikes, exerting long-term pressure on profit margins.	Operating Costs
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TRANSITION RISK AND OPPORTUNITY SCENARIO ANALYSIS

Risk/ Opportunity Category	STEPS Scenario (Stated Policies Scenario)	NZE Scenario (Net Zero Emissions Scenario)	Impact on Financial Indicators
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Transition Risks

Policy Risks	Under the stated policies pathway, disclosure requirements will gradually increase. The Company may need to increase human resource and professional service expenditures related to emission data collection, accounting, and report preparation.	Under the net-zero pathway, disclosure standards and verification intensity will increase significantly. Investments in systematic disclosure development, external assurance, and consulting services may rise substantially.	Operating Costs
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ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Risk/ Opportunity Category	STEPS Scenario (Stated Policies Scenario)	NZE Scenario (Net Zero Emissions Scenario)	Impact on Financial Indicators
Market Risks	Green transition is more of a competitive differentiator rather than an entry barrier, with limited overall impact on revenue scale.	Transparency in green transition may have a more significant impact on brand differentiation and capital market valuation. If the Group fails to establish relevant management and disclosure systems, it may be at a disadvantage in securing high-value brands, thereby affecting cooperation quality and revenue stability.	Operating Costs, Operating Revenue
Reputational Risks	Public opinion risks exist but are generally manageable, with financial impacts mainly including short-term traffic fluctuations, increased customer service and public relations costs, and minor cooperation adjustments.	The public is more sensitive to the authenticity of brand sustainability claims. Reputational incidents have an amplified effect on traffic, cooperation, and negotiation power, which may cause long-term negative impacts on brand reputation.	Operating Revenue
Transition Opportunities			
Energy Structure Transition	By optimizing equipment operating hours, upgrading energy-efficient equipment, or improving the refinement of energy use management, the Group can gradually reduce unit electricity costs, forming marginal improvements in selling expenses or administrative expenses.	Under this scenario, corporate energy efficiency requirements and disclosure transparency increase significantly. Energy management capabilities may evolve from a cost optimization tool to a competitive advantage, enabling stronger cost control capabilities amid adjustments to electricity price structures or energy policies.	Operating Costs

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

CLIMATE RESILIENCE AND MANAGEMENT RESPONSES

Risk Category	Relevant Measures
Acute Risks	We conduct regular inspections and maintenance on the infrastructure of our operating sites to ensure that the facilities are in good condition and have risk resistance capabilities. Meanwhile, we continuously monitor extreme weather early warning information, promptly issue risk alerts to employees, and flexibly arrange remote work or adjust work schedules according to actual conditions to ensure the safety of personnel and assets.
Chronic Risks	We improve the energy management mechanism, systematically record energy consumption data and optimize power allocation arrangements; by applying energy-saving technologies and high-efficiency equipment, we enhance the overall energy utilization efficiency and alleviate the pressure of energy costs. At the same time, we advocate the concept of green office and promote employees to save water and electricity resources.
Policy Risks	We continuously monitor the national “Dual Carbon” goals and the dynamics of climate-related disclosure supervision, gradually improve the climate information management and disclosure mechanism. By strengthening internal compliance management and the construction of professional support capabilities, we enhance the standardization and transparency of climate-related risk identification and information disclosure, ensuring compliant and stable operations in the context of increasingly stringent regulatory requirements.
Market Risks	Combining industry trends and brand cooperation needs, we continuously optimize the product selection structure and cooperation evaluation mechanism, and gradually increase the attention to the sustainable compliance of brands. On the premise of maintaining business flexibility, we enhance the attractiveness to high-quality, green brands and stable partners, and reduce the impact of fluctuations in a single category or brand structure.
Reputational Risks	The Group will strengthen the compliance and publicity review mechanism for climate-related content, standardize environment-related expressions in live streaming and marketing processes, and avoid controversies caused by exaggerated or false publicity. By improving internal approval processes and risk early warning mechanisms, we reduce the impact of reputational incidents on traffic and cooperative relationships.

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6.1.3 Risk Management

We have integrated the identification, assessment, response and tracking of climate change-related risks and opportunities into our existing risk management system. Focusing on key links such as live stream operation continuity, supply chain collaboration stability and energy resource cost fluctuations, we systematically conduct risk identification and impact assessment, formulate targeted response measures and continuously monitor implementation progress to enhance business resilience.

Risk Identification	• Embed climate risk identification into daily operation management processes. Based on sorting out the company's business model and value chain, systematically identify climate-related risks and opportunities, dynamically update the list of climate risks and opportunities according to the characteristics of business segments, and clarify potential impact areas.
Risk Assessment	• Comprehensively assess the potential financial impacts faced by each business segment in terms of climate risks and opportunities. • Conduct climate scenario analysis to identify physical risks and transition risks that have a significant impact on the company.
Risk Response	• Based on the results of risk assessment and scenario analysis, optimize climate management measures in a targeted manner, strengthen management capabilities in key risk areas, and improve the company's adaptability and resilience to different climate scenarios.
Ongoing Supervision	• Establish a continuous tracking and monitoring mechanism, with the Board regularly reviewing and evaluating climate risk management plans and their implementation effectiveness.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.1.4 Indicators and Targets

We actively respond to the national goals of “carbon peaking and carbon neutrality”, continuously quantify and supervise operational emissions and carbon emissions across the value chain, explore corresponding emission reduction practices, and gradually advance the management of climate targets.

The Group’s core businesses focus on new media services, all-media solution development, in-house product R&D and system maintenance. Its business activities generate no direct greenhouse gas emissions (Scope 1). Greenhouse gas emissions mainly derive from indirect emissions from purchased energy (Scope 2), as well as emissions generated by upstream and downstream links within the value chain (Scope 3).

Indicator	Unit	2025	2024
Total Greenhouse Gas Emissions	tCO ₂ e (tonnes of CO ₂ equivalent)	3,330.5	2,646.2
— Scope 1 Emissions	tCO ₂ e (tonnes of CO ₂ equivalent)	—	—
— Scope 2 Emissions	tCO ₂ e (tonnes of CO ₂ equivalent)	1,562.3	1,316.7
— Scope 3 Emissions	tCO ₂ e (tonnes of CO ₂ equivalent)	1,768.2	1,329.5
Greenhouse Gas Emission Intensity	tCO ₂ e (tonnes of CO ₂ equivalent)/million revenue	2.2	2.1

Note: The Company’s Scope 3 emissions inventory covers purchased goods and services, as well as business travel.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

6.2 Green Operations

6.2.1 Environmental Compliance

We strictly adhere to relevant laws, regulations, and policy requirements, including the *Environmental Protection Law of the People's Republic of China* (《中華人民共和國環境保護法》), and continuously improve our internal environmental management system. We have formulated system documents such as the *Be Friends Holding Limited Environmental Management System* (《交個朋友控股有限公司環境管理制度》), embedding environmental management requirements into daily operational processes to promote standardized and institutionalized environmental management operations. Considering the Group's asset-light business model centered on live-streaming e-commerce, our operational activities do not involve large-scale production and manufacturing, and our business premises do not generate significant direct emissions. For the year ended December 31, 2025, the Group did not experience any major environmental violations or non-compliance incidents.

6.2.2 Environment and Natural Resources

We incorporate environmental and natural resource protection as an important aspect of our daily operational management. Although the Group's business has a relatively limited direct environmental impact, we continuously improve relevant mechanisms related to energy and resource management, emission control, and environmental protection awareness promotion. By enhancing resource utilization efficiency and strengthening employees' environmental awareness, we steadily improve our environmental management level and promote the implementation of green operation concepts in practical work.

In line with our operational characteristics, the Group continuously reviews and optimizes environmental-related systems and measures, exploring feasible paths to reduce resource consumption and emissions, and gradually mitigating our potential impact on the environment and natural resources.

6.2.3 Energy Management and Resource Utilization

We continuously advance green office management, integrating energy and resource conservation requirements into daily operations. By optimizing energy efficiency, strengthening resource management, and enhancing employees' conservation awareness, we reduce the environmental impact of office activities, steadily decrease our carbon footprint while ensuring stable business operations, and foster a green office environment.

For the year ended December 31, 2025, the main energy and resource consumption involved in the Group's operations was electricity and municipal water supply for office premises. There were no major incidents of non-compliance related to energy and resource use. We will continue to optimize management measures based on our actual operations, driving continuous improvement in energy and resource use efficiency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Energy Management

Our primary energy consumption comes from purchased electricity. We embed energy-saving requirements into daily management processes, continuously improving energy use efficiency and management levels. We have implemented the following energy-saving measures:

Measure Type	Specific Actions
Lighting Management	- While fully utilizing natural lighting, we are gradually replacing traditional LED lights in some areas with high-efficiency, energy-saving LED lights. We have added zoned lighting control functions in meeting and training rooms, flexibly turning on lights in corresponding areas based on the actual number of users to avoid waste. - In addition to existing "Lights Off When Leaving" signs, we have added energy-saving reminder signs at office area entrances/exits and meeting room doors. The Administration Department arranges daily inspections before closing to promptly turn off any remaining lights, strengthening the effectiveness of energy conservation.
Office Equipment Management	- We encourage employees to print and copy in a centralized manner, reasonably centralize the configuration of office equipment by department to reduce the idle rate of equipment and the frequency of redundant activations. - We gradually replace equipment over five years old with high energy consumption, and give priority to selecting energy-efficient equipment to improve energy efficiency from the source. - Use the self-developed "Friend Cloud" system to achieve paperless operations for live-streaming and replace printed materials with LED screens.
Air-conditioning Management	- We have promoted the refined management of air-conditioners, shortened the filter cleaning cycle from quarterly to once every two months to improve the cooling and heating efficiency; and posted temperature reminder signs on the remote controllers to standardize temperature setting behaviors. - The air-conditioners in the live-streaming area are flexibly turned on/off according to the live-streaming schedule. During non-live-streaming periods, only the necessary areas operate at low power to reduce unnecessary energy consumption.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

On this basis, with the goal of continuously reducing energy consumption in energy management, we have established a monthly energy statistics mechanism to timely analyze the energy consumption by department, investigate abnormal usage situations, and urge rectification, so as to continuously improve the refined level of energy management.

Indicator	Unit	2025	2024
Purchased Electricity	kWh	2,944,454	2,453,718
Energy Consumption Intensity	kWh/Million Revenue	1,902.1	1,962.2

Management of Water Resources

We attach importance to water resource management, continuously promote relevant work in terms of reducing waste, improving use efficiency and strengthening water conservation awareness, and actively implement water-saving measures. The Group has implemented the following water-saving measures in its daily operations:

Measure Type	Specific Actions
Equipment optimization	On the basis of the application of existing water-saving appliances, we conduct comprehensive inspections of faucets and water-saving toilets in office areas, promptly replacing faulty or less sensitive devices to further reduce flushing and daily water consumption, enhancing water-saving effectiveness at the source.
Regular inspections	We optimize the management mechanism for water-using equipment, adjusting the inspection frequency to “monthly regular inspections + quarterly key inspections”, focusing on high-frequency use areas such as toilets and pantries. We establish inspection logs to record maintenance situations, ensuring timely rectification of issues like leaks and drips, and reducing hidden water resource waste.
Behavior guidance	- We continuously strengthen water conservation publicity, update water-saving signs in office areas, and regularly push water-saving knowledge through internal communications, guiding employees to develop good habits of using water reasonably and turning off taps promptly, continuously reinforcing water conservation awareness; and - We implement the “multiple uses of one bucket of water” initiative, collecting the wastewater generated in pantries and from washing fruits, and using it for watering green plants and daily cleaning after simple filtration to improve water resource utilization efficiency.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Based on the Group's geographical location and operational characteristics, there are no issues with water sourcing. At the same time, with the goal of improving water resource utilization efficiency, we have established a regular water usage monitoring and analysis mechanism by department. We periodically compare and evaluate water usage, identify abnormal fluctuations and trace their causes, and promptly implement corrective measures.

Indicator	Unit	2025	2024
Total consumption of water resources	Tonnes	14,459	10,610
— Consumption of municipal water supply	Tonnes	13,778	9,701
— Consumption of bottled water	Tonnes	681	319
Water-consumption Intensity	Tonnes/Million Revenue	9.3	8.0

6.2.4 Waste Management

We strictly comply with the requirements of relevant laws and regulations, including the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes* (《中華人民共和國固體廢物污染環境防治法》). Based on the Group's asset-light business model, non-hazardous waste generated during operations mainly consists of office waste paper, general waste, and a small amount of hazardous waste. (such as waste ink cartridges, waste toner cartridges, and other electronic waste) The Group carries out classified collection and standardized disposal as required. Non-hazardous and hazardous waste is regularly cleaned daily by cleaning staff and the property management of the office park. Meanwhile, hazardous waste and electronic waste are disposed of in a standardized manner by qualified entities, continuously improving the standardization level of waste management.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To advance waste reduction, we focus on implementing the following measures:

Measure Type	Specific Actions
Paper reduction and paperless office	- Set double-sided printing as the default mode, advocate for the reuse of single-sided waste paper to reduce waste paper generation; standardize the use and replacement frequency of printing consumables to reduce the generation of used ink and toner cartridges. - Use the self-developed “Friend Cloud” internal office system, continuously promote digital office construction, achieve paperless operations relying on internal systems, and replace some paper materials with electronic display equipment.
Recycling and reuse	- Prioritize refurbishing and reusing decommissioned equipment or reusing disassembled parts to reduce electronic waste generation. - Reduce layers in express packaging, prioritize the use of biodegradable materials, and guide employees to centrally recycle recyclables such as waste cardboard boxes, plastic bottles, and discarded paper to improve resource utilization efficiency.

Indicator	Unit	2025	2024
Total Production of Waste	Tonnes	2.2	1.6
— Total Non-Hazardous Waste	Tonnes	1.9	1.3
— Non-Hazardous Waste Per Person	Tonnes	0.3	0.3
Waste Production Per Capita	kg/person	1.6	1.1

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7. APPENDIX

7.1 Contributes to UN SDGs

SDG	Goal	Actions of the Group
	No poverty End poverty in all forms everywhere	The Group actively practiced social responsibility by making donations to support post-disaster recovery and reconstruction and encouraging its employees to engage in volunteer services and other public welfare activities. Meanwhile, the Group relies on the e-commerce live streaming platform to implement agricultural assistance initiatives, facilitate the circulation of agricultural products, enhance farmers' income and empower rural revitalization.
	Good health and wellbeing Ensure healthy lives and promote well-being for all people at all ages	The Group attaches great importance to the health and safety of its employees. It provides regular medical check-up benefits to its employees and raises their safety awareness through occupational health and safety training.
	Quality education Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	The Group is committed to the cultivation and development of talents and has established and implemented a comprehensive staff training system and regularly conducts professional job training to continuously enhance the vocational skills of its employees.
	Gender equality Achieve gender equality and empower all women and girls	The Group firmly opposes all forms of workplace discrimination, harassment, coercion, threats and violence, and is committed to continuously improving the system for the protection of employees' rights and interests. The Group insists on equal pay for equal work for both men and women and is committed to creating a fair and just workplace environment.
	Decent work and economic growth Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	The Group is committed to providing an equal, safe and dignified working environment for its employees, ensuring that they receive fair remuneration, comfortable working conditions, comprehensive welfare protection and broad career development opportunities.

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SDG	Goal	Actions of the Group
	Industry, innovation and infrastructure Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	The Group continues to advance technological innovation and upgrade intelligent systems, further strengthening end-to-end data management across the entire value chain and business processes, and building an intelligent analytics system covering all live streaming scenarios (before live, during live and after live). Meanwhile, the Group continuously enhances consumers' live streaming interactive experience through ongoing innovation in live streaming formats.
	Sustainable cities and communities Make cities and human settlements inclusive, safe, resilient and sustainable	The Group actively assisted areas affected by major disasters, supported the resumption of production and rebuilding of infrastructure in the affected areas, and promoted the post-disaster reconstruction process. Meanwhile, the Group actively carries out public welfare initiatives, continuously advances rural industrial revitalization, and contributes to
	Responsible consumption and production Ensure sustainable consumption and production patterns	The Group continues to strengthen responsible marketing by enhancing its review mechanisms to ensure the compliance of promotional content. It strictly manages live-streamed products and advertising to eliminate false promotion and inducement of consumption, transparently discloses product information to safeguard consumers' right to know, and prohibits practices such as fictitious transactions to protect consumer rights and interests.
	Climate action Take urgent action to combat climate change and its impacts	The Group actively promotes green office practices, optimizes energy and resource management, and enhances operational efficiency. It advocates a low-carbon and energy-efficient culture to reduce environmental impact.
	Peace, justice, and strong institutions Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable, and inclusive institutions at all levels	The Group adheres to compliance with business regulations, cracks down on corruption and opposes any form of unfair market competition. In addition, the Group continuously improves its intellectual property protection system to ensure that its legitimate rights and interests are effectively

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

7.2 Reporting Index

Subject Areas	Aspects	General Disclosures and KPIs	Disclosure Chapter List
Environmental	Aspect A1: Emissions	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste. Note: Air emissions include NOx, SOx, and other pollutants regulated under national laws and regulations. Hazardous wastes are those defined by national regulations.	Green Operations
		A1.1 The types of emissions and respective emissions data.	Green Operations
		A1.3 Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operations
		A1.4 Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Green Operations
		A1.5 Description of emissions target(s) set and steps taken to achieve them.	Green Operations
		A1.6 Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Green Operations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Aspects	General Disclosures and KPIs	Disclosure Chapter List
Environmental	Aspect A2: Use of Resources	General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials. Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.	Green Operations
		A2.1 Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Green Operations
		A2.2 Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Green Operations
		A2.3 Description of energy use efficiency target(s) set and steps taken to achieve them.	Green Operations
		A2.4 Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	The group has no material issues in relation to water intake during business operations
		A2.5 Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	The group does not involve significant packaging materials in its business activities
	Aspect A3: The Environment and Natural Resources	General Disclosure Policies on minimizing the issuer's significant impacts on the environment and natural resources.	Green Operations
		A3.1 Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Green Operations

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Aspects	General Disclosures and KPIs	Disclosure Chapter List
Social	Aspect B1: Employment	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Protection of Employee Rights
		B1.1 Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Protection of Employee Rights
		B1.2 Employee turnover rate by gender, age group and geographical region.	Protection of Employee Rights
	Aspect B2: Health and Safety	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Protection of Employee Rights
		B2.1 Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
		B2.2 Lost days due to work injury.	Health and Safety
		B2.3 Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Aspects	General Disclosures and KPIs	Disclosure Chapter List
Social	Aspect B3: Development and Training	General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	Employee Training and Development
		B3.1 The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Employee Training and Development
		B3.2 The average training hours completed per employee by gender and employee category.	Employee Training and Development
	Aspect B4: Labour Standards	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Protection of Employee Rights
		B4.1 Description of measures to review employment practices to avoid child and forced labour.	Protection of Employee Rights
		B4.2 Description of steps taken to eliminate such practices when discovered.	Protection of Employee Rights
	Aspect B5: Supply Chain Management	General Disclosure Policies on managing environmental and social risks of the supply chain.	Supplier and Partner Management
		B5.1 Number of suppliers by geographical region.	Supplier and Partner Management
		B5.2 Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supplier and Partner Management
		B5.3 Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supplier and Partner Management
		B5.4 Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supplier and Partner Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Aspects	General Disclosures and KPIs	Disclosure Chapter List
Social	Aspect B6: Product Responsibility	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Stringent Product Selection, Premium Content Quality Service, Information Security and Privacy protection
		B6.1 Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Quality Service
		B6.2 Number of products and service related complaints received and how they are dealt with.	Quality Service
		B6.3 Description of practices relating to observing and protecting intellectual property rights.	Intellectual property rights
		B6.4 Description of quality assurance process and recall procedures.	Stringent Product Selection, Quality Service
		B6.5 Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security and Privacy Protection
	Aspect B7: Anti-corruption	General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics
		B7.1 Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Business Ethics
		B7.2 Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics
		B7.3 Description of anti-corruption training provided to directors and staff.	Business Ethics

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas	Aspects	General Disclosures and KPIs	Disclosure Chapter List
Social	Aspect B8: Community Investment	General Disclosure	Building a Harmonious Society
		Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	
		B8.1 Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Building a Harmonious Society
		B8.2 Resources contributed (e.g. money or time) to the focus area.	Building a Harmonious Society
Climate-Related Disclosures	Governance	Governance	Response to Climate Change
	Strategy	Climate-Related Risks and Opportunities	Response to Climate Change
		Business model and value chain	Response to Climate Change
		Strategy and decision-making	Response to Climate Change
		Financial position, financial performance and cash flows	Response to Climate Change
		Climate resilience	Response to Climate Change
	Risk Management	Risk Management	Response to Climate Change
	Metrics and Targets	Greenhouse Gas (GHG) Emissions	Response to Climate Change
		Climate-related transition risks	Response to Climate Change
		Climate-related physical risks	Response to Climate Change
		Climate-related opportunities	Response to Climate Change
		Capital deployment	Response to Climate Change
		Internal carbon prices	We do not apply internal carbon prices in our decision-making process
		Remuneration	We have not yet integrated climate change factors into our compensation assessment
		Industry-based metrics	Not applicable
		Climate-related targets	Response to Climate Change

All “comply or explain” indicators set out in Appendix C2 of the Listing Rules have been fully covered, and the corresponding chapters are clearly identifiable for reference.

INDEPENDENT AUDITOR'S REPORT



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

OPINION

We have audited the consolidated financial statements of Be Friends Holding Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 125 to 227, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2025, and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of trade receivables <i>Refer to notes 3.1(b), 4.1(a) and 18 to the consolidated financial statements</i> As at 31 December 2025, the Group's trade receivables amounted to approximately RMB107,820,000, net of credit loss provision for impairment of trade receivables of approximately RMB1,110,000, which accounted for 11% of the Group's total assets. Loss allowances for trade receivables are based on management's estimate of the lifetime expected credit losses to be incurred, which is estimated by taking into account the credit loss experience, ageing of overdue trade receivables, customers' repayment history and customers' financial position and an assessment of both the current and forecast general economic conditions, all of which involve a significant degree of management judgement. We identified assessing the impairment of trade receivables as a key audit matter because the amount is significant and the assessment of the impairment of trade receivables and recognition of loss allowance are inherently subject to significant judgement, which increases the risk of error or potential management bias.	Our procedures, among others, included: — Understanding the design and implementation of key internal controls which govern credit control, debt collection and estimate of expected credit losses; — Assessing, on a sample basis, whether items in the trade receivables ageing report were classified within the appropriate ageing category by comparing individual items with the relevant sales invoices; — Assessing and challenging the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgement; and — Inspecting subsequent cash receipts from customers relating to those balances as at 31 December 2025, on a sample basis.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Acquisition of subsidiaries	
<i>Refer to notes 2.3 and 35 to the consolidated financial statements</i>	
In December 2025, the Group completed the acquisition of Hangzhou Be Friends Education Technology Co., Ltd. and its subsidiaries at total consideration of RMB180,000,000 (the "Acquisition").	Our procedures, among others, included:
The Group is required to determine the values of identified assets acquired and liabilities assumed arising from the Acquisition as at the date of acquisition. The purchase price was allocated to the identified assets and liabilities assumed and the Group recognised identified net assets of RMB50,585,000 and goodwill of RMB129,415,000 at the date of acquisition.	— Examining the terms of sales and purchase agreement in relation to the Acquisition; — Obtaining an understanding of and assessing the reasonableness and appropriateness of the identification of the assets acquired and liabilities assumed, their fair value assessments, and the purchase price allocation made by independent professional valuer; — Evaluating the appropriateness of the independent professional valuer and management's use of the valuation model to estimate the fair value of contingent compensation receivable; — Evaluating the competence, capabilities, and objectivity of the independent professional valuer; and
Management engaged an independent professional valuer to perform the price allocation on the fair values of the consideration transferred and the identified assets acquired and liabilities assumed in the Acquisition, including the identification and valuation of intangible assets, as well as the fair value assessment of contingent compensation receivable.	
We identified the acquisition of subsidiaries as a key audit matter because of the significance of the Acquisition, critical accounting estimates and judgement involved in the identification and valuation of assets acquired, liabilities assumed and the contingent compensation receivable.	— Obtaining the valuation report and discuss with management and the independent professional valuer on the methodologies and key assumptions (including sale growth rate, discount rate, expected useful lives of the identified property, plant and equipment and intangible assets) used in determining the fair value of the identified assets acquired and liabilities assumed, and assessing the reasonableness of such methodologies and key assumptions.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(continued)*

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of goodwill <i>Refer to notes 2.3, 4.1(c) and 15 to the consolidated financial statements</i> As at 31 December 2025, the carrying amount of goodwill amounted to RMB209,527,000, which accounted for 22% of the Group's total assets. Management tests whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.3. For the purpose of assessing impairment, the goodwill is allocated to relevant cash-generating units ("CGUs"), and the recoverable amounts of CGUs are determined by management based on value-in-use ("VIU") calculations using cash flow projections. The impairment assessments involved significant management judgement about future results of the CGUs. We have identified the above matter as a key audit matter because of its significance to the consolidated financial statements and the impairment assessments involved significant management judgements and estimations.	Our procedures, among others, included: — Obtaining an understanding of the process in place in the impairment assessment of goodwill; — Assessing the competence, capabilities, objectivity and results of the work of independent professional valuer that was appointed by the management and assisted management to determine the recoverable amounts of the relevant CGUs; — Evaluating and challenging the appropriateness of the model used by the management to calculate the VIU of the relevant CGUs; — Evaluating and challenging the composition of the Group's future cash flow forecasts in the relevant CGUs, and the process by which they were drawn up, including testing the underlying calculations; — Evaluating the determination of the recoverable amounts of relevant CGUs; — Evaluating the reasonableness of the key input values adopted by management and independent professional valuer by comparing entity-specific information with market data; — Evaluating and challenging the reasonableness of key assumptions based on our knowledge of the business and industry; and — Evaluating and challenging the adequacy of sensitivity analysis.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in Company's 2025 annual report but does not include the consolidated financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

Forvis Mazars CPA Limited

Certified Public Accountants

Hong Kong, 26 March 2026

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

So Chun Wai

Practising Certificate number: P07513

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000 (re-presented)
Continuing operations			
Revenue	6	1,486,523	1,138,144
Cost of services	7	(883,289)	(563,873)
Gross profit		603,234	574,271
Other gains, net	6	23,447	16,874
Selling expenses	7	(339,166)	(300,054)
Administrative expenses	7	(158,794)	(169,703)
Loss allowance on trade receivables	3.1(b)(ii)	(790)	(145)
Change in fair value of financial assets at fair value through profit or loss	21	(1,417)	–
Operating profit		126,514	121,243
Finance (costs) income, net	9	(736)	2,112
Share of results of associates	13	(767)	–
Profit before income tax		125,011	123,355
Income tax expense	10	(35,303)	(29,098)
Profit for the year from continuing operations		89,708	94,257
Discontinued operations			
Profit (Loss) from the discontinued operations	11(a)	166	(22,027)
Loss on disposal of subsidiaries	11(c)	(2,220)	–
Loss attributable to the discontinued operations		(2,054)	(22,027)
Profit for the year		87,654	72,230
Profit (Loss) attributable to:			
Owners of the Company		90,225	81,708
Non-controlling interests	39	(2,571)	(9,478)
		87,654	72,230

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000 (re-presented)
Profit (Loss) attributable to the owners of the Company			
Continuing operations		92,847	98,298
Discontinued operations		(2,622)	(16,590)
		90,225	81,708
(Loss) Profit attributable to the non-controlling interests			
Continuing operations		(3,139)	(4,041)
Discontinued operations		568	(5,437)
		(2,571)	(9,478)
		RMB cents	RMB cents (re-presented)
Earnings per share from continuing and discontinued operations			
Basic earnings per share	12	6.58	6.07
Diluted earnings per share	12	6.49	5.93
Earnings per share from continuing operations			
Basic earnings per share	12	6.77	7.30
Diluted earnings per share	12	6.68	7.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000 (re-presented)
Profit for the year		87,654	72,230
Other comprehensive income (loss):			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Currency translation differences from continuing operations		637	(839)
Currency translation differences from discontinued operations		910	(36)
Release upon disposal of subsidiaries	11(c)	2,523	–
<i>Item that may not be reclassified subsequently to profit or loss:</i>			
Currency translation differences		(277)	84
Total other comprehensive income (loss) for the year		3,793	(791)
Total comprehensive income for the year		91,447	71,439
Total comprehensive income (loss) attributable to:			
Owners of the Company		94,018	80,917
Non-controlling interests		(2,571)	(9,478)
		91,447	71,439
Total comprehensive income (loss) attributable to the owners of the Company			
Continuing operations		93,207	97,543
Discontinued operations		811	(16,626)
		94,018	80,917
Total comprehensive (loss) income attributable to the non-controlling interests			
Continuing operations		(3,139)	(4,041)
Discontinued operations		568	(5,437)
		(2,571)	(9,478)

The notes on pages 133 to 227 are integral parts of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Assets			
Non-current assets			
Property, plant and equipment	14	6,514	31,836
Goodwill	15	209,527	80,112
Intangible assets	16	16,733	14,837
Right-of-use assets	17	29,729	27,506
Trade and other receivables	18	3,895	11,007
Interest in associates	13	133	37,479
Deferred income tax assets	30	5,129	6,906
Long-term bank deposits	23(a)(i)	10,000	10,000
Total non-current assets		281,660	219,683
Current assets			
Inventories	19	359	54,220
Other current assets	20	147,265	197,380
Trade and other receivables	18	156,197	294,466
Financial assets at fair value through profit or loss	21	12,282	–
Pledged bank deposits	22	19,700	44,859
Bank balances and cash	23(b)	328,396	113,316
Total current assets		664,199	704,241
Total assets		945,859	923,924
Equity and liabilities			
Equity attributable to owners of the Company			
Share capital	25	11,330	11,330
Treasury shares	25	(24)	(24)
Share premium	27(e)	322,966	322,966
Other reserves	27	129,783	91,248
Retained earnings (Accumulated losses)		67,733	(6,529)
		531,788	418,991
Non-controlling interests	39	(35)	(5,281)
Total equity		531,753	413,710

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
Liabilities			
Non-current liabilities			
Bank and other borrowings	28	—	20,535
Deferred income tax liabilities	30	11,278	2,753
Lease liabilities	17	14,504	16,024
Total non-current liabilities		25,782	39,312
Current liabilities			
Contract liabilities	24	96,007	62,269
Trade and other payables	29	208,808	187,238
Current income tax liabilities		4,719	19,387
Bank and other borrowings	28	60,000	191,522
Lease liabilities	17	18,790	10,486
Total current liabilities		388,324	470,902
Total liabilities		414,106	510,214
Total equity and liabilities		945,859	923,924

The notes on pages 133 to 227 are integral parts of the consolidated financial statements.

The consolidated financial statements on pages 125 to 227 were approved and authorised for issue by the Board on 26 March 2026 and signed on its behalf by

Li Liang
Chairman and Chief Executive Officer

Li Jun
Executive Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

Notes	Attributable to owners of the Company					Total RMB'000	Non- controlling interests RMB'000	Total RMB'000
	Share capital RMB'000	Treasury shares RMB'000	Share premium RMB'000 (note 27(e))	Other reserves RMB'000 (note 27)	(Accumulated Losses) RMB'000			
Balance as at 1 January 2024	11,363	–	330,273	44,081	(88,204)	297,513	4,197	301,710
Profit (Loss) for the year	–	–	–	–	81,708	81,708	(9,478)	72,230
Other comprehensive (loss) income:								
<i>Items that may be reclassified subsequently to profit or loss:</i>								
Currency translation differences	–	–	–	(875)	–	(875)	–	(875)
<i>Items that may not be reclassified subsequently to profit or loss:</i>								
Currency translation differences	–	–	–	84	–	84	–	84
Total other comprehensive loss	–	–	–	(791)	–	(791)	–	(791)
Total comprehensive (loss) income	–	–	–	(791)	81,708	80,917	(9,478)	71,439
Transactions with owners								
<i>Contributions and distributions</i>								
Share repurchased and cancelled	(33)	–	(4,585)	33	(33)	(4,618)	–	(4,618)
Share repurchased but not cancelled	–	(24)	(2,722)	–	–	(2,746)	–	(2,746)
Employee share award — value of employee services 26(b)	–	–	–	47,925	–	47,925	–	47,925
Total transactions with owners	(33)	(24)	(7,307)	47,958	(33)	40,561	–	40,561
Balance as at 31 December 2024	11,330	(24)	322,966	91,248	(6,529)	418,991	(5,281)	413,710

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Notes	Attributable to owners of the Company					Non-controlling interests	Total
		Share capital	Treasury shares	Share premium	Other reserves	(Accumulated Losses)/ Retained Profits		
		RMB'000	RMB'000	RMB'000 (note 27(e))	RMB'000 (note 27)	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2025		11,330	(24)	322,966	91,248	(6,529)	418,991	413,710
Profit (Loss) for the year		-	-	-	-	90,225	90,225	87,654
Other comprehensive income (loss):								
<i>Items that may be reclassified subsequently to profit or loss:</i>								
Currency translation differences		-	-	-	1,547	-	1,547	1,547
Release upon disposal of subsidiaries	11(c)	-	-	-	2,523	-	2,523	2,523
<i>Item that may not be reclassified subsequently to profit or loss:</i>								
Currency translation differences		-	-	-	(277)	-	(277)	(277)
Total other comprehensive income		-	-	-	3,793	-	3,793	3,793
Total comprehensive income (loss)		-	-	-	3,793	90,225	94,018	91,447
Transfer		-	-	-	15,963	(15,963)	-	-
Transactions with owners								
<i>Contributions and distributions</i>								
Employee share award	26(b)	-	-	-	24,775	-	24,775	24,775
<i>Changes in ownership interests</i>								
Disposal of subsidiaries	11(c)	-	-	-	-	-	2,252	2,252
Acquisition of additional interest in a non-wholly owned subsidiary without change in control	36	-	-	-	(5,996)	-	(5,996)	(431)
		-	-	-	(5,996)	-	(5,996)	7,817
Total transactions with owners		-	-	-	18,779	-	18,779	26,596
Balance as at 31 December 2025		11,330	(24)	322,966	129,783	67,733	531,788	531,753

The notes on pages 133 to 227 are integral parts of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES			
Cash generated from operations	33(a)	405,273	14,638
Interest received		1,603	3,657
Interest paid		(6,852)	(7,801)
Income tax paid		(42,108)	(38,077)
Net cash from (used in) operating activities		357,916	(27,583)
INVESTING ACTIVITIES			
Purchase of intangible assets	16	(3,680)	(5,134)
Purchases of property, plant and equipment	14	(3,028)	(6,454)
Purchases of financial assets at fair value through profit or loss		(13,699)	–
Expenditure on development project		–	(6,523)
Decrease (Increase) in pledged deposits		25,159	(44,375)
Increase in bank deposits with original maturity of more than three months		(10,000)	–
Dividend received from an associate		–	4,050
Dividend received from financial assets at fair value through profit or loss	9	1,175	–
Investment in associates	13	(900)	–
Net cash outflow arising from disposal of subsidiaries	11(c)	(65)	–
Net cash outflow arising from business combination	35	(131,935)	–
Net cash used in investing activities		(136,973)	(58,436)
FINANCING ACTIVITIES			
Proceeds from bank and other borrowings	33(b)	60,000	103,468
Repayments of bank and other borrowings	33(b)	(62,833)	(23,421)
Payment for acquisition of additional interests in subsidiaries	36	(84)	–
Repurchase of shares		–	(7,364)
Interest of lease liabilities		(1,306)	(963)
Repayment of lease liabilities	33(b)	(15,676)	(19,248)
Net cash (used in) from financing activities		(19,899)	52,472
Net increase (decrease) in cash and cash equivalents		201,044	(33,547)
Cash and cash equivalents at beginning of year		113,316	149,536
Effect of foreign exchange rate changes		4,036	(2,673)
Cash and cash equivalents at end of the year	23(b)	318,396	113,316

The notes on pages 133 to 227 are integral parts of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

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

Starlink Vibrant Holdings Ltd., a company incorporated in the British Virgin Islands (the “BVI”) and wholly owned by an executive director of the Company, Mr. Li Jun, which holds 23.32% of the Company’s shares issued (including treasury shares) as at 31 December 2025.

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

The Company is an investment holding company and its subsidiaries (together the “Group”) are continued to be principally engaged in the provision of new media services, including live-streaming e-commerce and new media operation. The Group has operations mainly in the People’s Republic of China (the “PRC”).

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

2. SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

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

2.1 Basis of preparation

(a) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards (“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 “Listing Rules”).

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

(b) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for financial assets at fair value through profit or loss and contingent compensation receivable, which are measured at fair value as explained in the accounting policies set out below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.1 Basis of preparation *(continued)*

(c) Amended standards adopted by the Group

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements except for the adoption of the following revised HKFRS Accounting Standards that is relevant to the Group and effective from the current year:

Amendments to HKAS 21	Lack of Exchangeability
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Amendments to HKAS 21: Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

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

(d) New standards and interpretations not yet adopted

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Annual Improvements to HKFRS Accounting Standards	Volume 11 ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKAS 21	Translation to Hyperinflationary Presentation Currency 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 2026

² Effective for annual periods beginning on or after 1 January 2027

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/revised HKFRS Accounting Standards. So far, the management is of the opinion that the adoption of the new/revised HKFRS Accounting Standards will not have any significant impact on the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.2 Principles of consolidation and equity accounting

(i) Subsidiaries

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

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

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

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

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

(ii) Associates

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

(iii) Equity accounting

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

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

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

(iv) Changes in ownership interests

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

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

(v) Allocation of total comprehensive income

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

(vi) Disposal of subsidiaries

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

2.3 Business combinations

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.3 Business combinations *(continued)*

The excess of the:

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.4 Separate financial statements

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

2.5 Segment reporting

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

2.6 Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

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

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

(iii) Group companies

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

- (1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (2) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (3) all resulting exchange differences are recognised in other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.6 Foreign currency translation *(continued)*

(iii) Group companies *(continued)*

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

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

2.7 Property, plant and equipment

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

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.8 Intangible assets

(i) Cooperation agreement

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

(ii) Media accounts

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

(iii) Computer software

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

(iv) Curriculum system

Curriculum system is acquired in a business combination and recognised at fair value at the acquisition date. The system is amortised using the straight-line method over its estimated useful lives of 24 months.

(v) Electronic platform

Electronic platform is capitalised on the basis of the costs incurred to develop and bring to use. These costs are amortised over their estimated useful lives of 10 years.

(vi) Research and development

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.8 Intangible assets *(continued)*

(vii) Amortisation methods and periods

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

Computer software	5 years
Cooperation agreement	28 months
Curriculum system	24 months
Electronic platform	10 years
Media accounts	5 years

2.9 Impairment of non-financial assets

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

2.10 Investments and other financial assets

(i) Classification

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

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

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.10 Investments and other financial assets *(continued)*

(ii) Recognition and derecognition

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

(iii) Measurement

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

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

Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in the consolidated statement of profit or loss and presented in other gains (losses) together with foreign exchange gains and losses. Impairment losses are included in administrative expenses in the consolidated statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in the consolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of profit or loss and recognised in other gains (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains (losses) and impairment expenses are presented as a separate line item in the consolidated statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss is recognised in the consolidated statement of profit or loss and presented net within other gains (losses) in the period in which it arises.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.10 Investments and other financial assets *(continued)*

(iii) Measurement *(continued)*

Equity instruments

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

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

(iv) Impairment

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

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

2.11 Inventories

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

2.12 Trade and other receivables

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

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

2.13 Cash and cash equivalents

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.14 Share capital

Ordinary shares are classified as equity.

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

2.15 Trade and other payables

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

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

2.16 Borrowing costs

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

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

2.17 Current and deferred income tax

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

(i) Current income tax

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.17 Current and deferred income tax *(continued)*

(ii) Deferred income tax

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

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

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

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

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

2.18 Employee benefits

(i) Retirement benefits

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

(ii) Employee leave entitlements

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.19 Share-based payments

Share-based compensation benefits are provided to employees via the share award plan. Information relating to these schemes is set out in note 26.

Share Award Plan

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

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

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

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

2.20 Provisions

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

2.21 Revenue recognition

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.21 Revenue recognition *(continued)*

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

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

The Group's revenue mainly includes live-streaming e-commerce operation and new media operation.

(i) Live-streaming e-commerce

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

(a) Online marketing services

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

(b) Commission revenue

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

(ii) New media operation

The Group mainly provides various media operation services and related support services, ancillary services and technical support; the related revenue comprises providing diverse training solutions of livestreaming e-commerce for corporate and individual clients, sales of brand products and marketing service to brands.

(a) Training course revenue

The Group provides standardised e-commerce training courses for individuals and enterprises through various online and offline formats. Training course revenue is generally received in advance prior to the beginning of the respective course and are initially recorded as contract liabilities. Training course revenue fees are recognised proportionately over the relevant course schedule in which the services are rendered.

(b) Self-operated sales revenue

The Group recognises revenue from self-operated sales when the customer obtains control of the promised goods. Such transfer of control is typically evidenced by the physical delivery of the goods, at which point the customer has assumed the significant risks and rewards of ownership.

(c) Revenue from marketing service to merchants

The Group provides marketing services whereby its streamers are deployed to merchants' broadcast rooms to perform livestreaming operations. Revenue is recognised upon completion of the relevant marketing services.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.22 Interest income

Interest income is recognised using the effective interest method.

2.23 Leases

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

As lessee

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

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

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

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

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

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

- (a) the amount of the initial measurement of the lease liability;
- (b) any lease payments made at or before the commencement date, less any lease incentives received;
- (c) any initial direct costs incurred by the Group; and
- (d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.23 Leases *(continued)*

As lessee *(continued)*

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

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

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

The lease liability is re-measured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group re-measures the lease liability using a revised discount rate.

The Group recognises the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the re-measurement in the consolidated statement of profit or loss.

A lease modification is accounted for as a separate lease if

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.23 Leases *(continued)*

As lessee *(continued)*

When a lease modification is not accounted for as a separate lease, at the effective date of the lease modification,

- (a) the Group allocates the consideration in the modified contract on the basis of relative stand-alone price as described above.
- (b) the Group determines the lease term of the modified contract.
- (c) the Group re-measures the lease liability by discounting the revised lease payments using a revised discount rate over the revised lease term.
- (d) for lease modifications that decrease the scope of the lease, the Group accounts for the re-measurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease and recognising any gain or loss relating to the partial or full termination of the lease in the consolidated statement of profit or loss.
- (e) for all other lease modifications, the Group accounts for the re-measurement of the lease liability by making a corresponding adjustment to the right-of-use asset.

2.24 Dividend distribution

Dividend distribution to the Company's ordinary shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or board of directors, where appropriate.

2.25 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.26 Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made, or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For the business of online marketing services and training courses, it is common for the Group to receive the whole or some of the contractual payments from the customer before the services are completed or when the goods are delivered (i.e., the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

2.27 Related parties

A related party is a person or entity that is related to the Group.

- (a) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of the holding company of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, liquidity risk and equity price risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group regularly monitors its exposure and currently considers not necessary to hedge any of these financial risks.

(a) Market risk

(i) Foreign exchange risk

The Group mainly operates in the PRC and Hong Kong and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to US Dollar ("USD") and Hong Kong Dollar ("HKD") (2024: *USD, HKD and Japanese Yen ("JPY")*). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities which are not denominated in RMB.

Management has set up a policy requiring 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 bank balances denominated in HKD (2024: *the borrowing denominated in JPY, trade and other receivables, bank balances and trade and other payables denominated in HKD*).

As at 31 December 2025, if USD and HKD (2024: *USD, JPY and HKD*) had weakened/strengthened by 5% (2024: 5%) against the RMB with all other variables held constant, profit before income tax for the year would have changed mainly as a result of foreign exchange gains/losses on translation of USD/HKD bank balances and cash denominated in USD and HKD (2024: *USD/JPY/HKD bank balances and cash, trade and other receivables, trade and other payables, bank and other borrowings denominated in USD, JPY and HKD*); and other comprehensive income before income tax for the year would have changed mainly as a result of foreign exchange gains/losses on translation of HKD bank balances and cash and financial assets at fair value through profit or loss denominated in HKD (2024: *HKD bank balances and cash denominated in HKD*).

	2025 RMB'000	2024 RMB'000
Increase (Decrease) in profit before income tax for the year		
Weakened 5% (2024: 5%)		
— USD	(544)	(20)
— JPY	N/A	739
— HKD	(51)	(1,410)
Strengthened 5% (2024: 5%)		
— USD	544	20
— JPY	N/A	(739)
— HKD	51	1,410

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(a) Market risk *(continued)*

(i) Foreign exchange risk *(continued)*

	2025 RMB'000	2024 RMB'000
Increase (Decrease) in other comprehensive income before income tax for the year		
Weakened 5% (2024: 5%)		
— HKD	(576)	(31)
Strengthened 5% (2024: 5%)		
— HKD	576	31

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. The stated changes in foreign currency represent management's assessment of reasonably possible changes in foreign exchange rates over the year until the end of the next annual reporting period.

(ii) Interest rate risk

Other than bank balances with variable interest rate, the Group has no other significant interest-bearing assets. Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

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

The directors of the Company consider the Group's exposure to future cash flow interest rate risk is minimal taking into account no variable interest-bearing borrowing as at 31 December 2025. Accordingly, no sensitivity analysis on interest rate risk is presented (2024: if the interest rate on all bank and other borrowings had been 1% higher/lower with all other variables held constant, the Group's profit before income tax for the year would have been decreased/increased by approximately RMB125,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk

Credit risk arises mainly from trade and other receivables and bank balances. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations as at the reporting dates in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The credit risk of bank balances is limited because the counterparties are banks with good reputation and most of them are the state-owned banks in the PRC or licensed banks in Hong Kong.

As at 31 December 2025, the largest and the five largest debtors contributed over 54% (2024: 24%) and 59% (2024: 37%) of the Group's total trade and other receivables respectively.

The maximum exposure to credit risk represents the credit risk exposure to the Group at the end of each reporting period, without taking into account any collateral held or other credit enhancements. A summary of the maximum exposure to credit risk is as follows:

	2025 RMB'000	2024 RMB'000
Trade receivables, net	107,820	192,771
Other receivables excluding other tax receivables	20,564	89,835
Long-term bank deposits	10,000	10,000
Bank balances and cash	328,396	113,316
Pledged bank deposits	19,700	44,859
	486,480	450,781

(i) Risk management

Credit risk is managed on a group basis. The Group has policies to limit the credit exposure on trade receivables. The Group assesses the credit quality of and sets credit limits on their customers by taking into account their financial position, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders to ensure the overall credit risk of the Group is limited to a controllable extent.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets

For other receivables excluding other tax receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience.

The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the ECL rates, the Group considers historical loss rates for each category of receivables and adjusts for forward-looking macroeconomic data.

Trade receivables and other receivables are subject to the ECL model. While cash and cash equivalents are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

The Group applies the HKFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade receivables. For other receivables, the Group involves a three-stage approach whereby financial assets move through the three stages as their credit quality changes.

The expected loss rates are based on the payment profiles of sales over a period of 24 months for new media services for the year ended 31 December 2025 (*2024: 48 months for television broadcasting business or 24 months for new media services*) and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the region, relationship and credit of client which it sells its goods and render its services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a receivable for write off when a debtor fails to make contractual payments/repayable. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the consolidated statement of profit or loss.

To measure the ECLs, trade receivables has been grouped based on shared credit risk characteristics and the days past due.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets *(continued)*

Trade receivables

31 December 2025	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Non-credit impaired			
Less than 1 year past due	1.00%	108,609	1,086
More than 1 year but less than 2 years past due	7.48%	321	24
		108,930	1,110

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets *(continued)*

Trade receivables *(continued)*

31 December 2024	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000
Non-credit impaired			
Less than 1 year past due	0.80%	165,806	1,326
More than 1 year but less than 2 years past due	8.40%	13,482	1,132
More than 2 years but less than 3 years past due	24.79%	10,639	2,637
More than 3 years but less than 4 years past due	35.09%	10,197	3,578
More than 4 years past due	96.30%	35,636	34,316
		235,760	42,989
Credit-impaired			
More than 4 years past due	100.00%	11,207	11,207
		11,207	11,207
		246,967	54,196

A customer was involved in litigation and the management assessed that the customer was credit-impaired and collectability of balance of RMB11,207,000 was remote. Therefore, a full provision on such balance was made during the year ended 31 December 2021 and there was no change in provision on this balance was made during the year 31 December 2024.

During the year 31 December 2025, the provision for this balance has been derecognised upon the disposal of subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets *(continued)*

Trade receivables *(continued)*

The movements in loss allowances are summarised as follows:

	2025 RMB'000	2024 RMB'000 (re-presented)
As at 1 January	54,196	57,028
Increase in loss allowance from continuing operations	790	145
Decrease in loss allowance from discontinued operations	–	(2,977)
Disposal of subsidiaries	(53,876)	–
As at 31 December	1,110	54,196

Other receivables

The gross carrying amount of the financial assets, by credit risk rating grades, is as follows:

Internal credit rating	Expected loss rate %	ECL	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
At 31 December 2025					
Performing	0	12-months	20,564	–	20,564
At 31 December 2024					
Performing	0	12-month	89,835	–	89,835
Not performing (credit-impaired)	100	Lifetime	16,934	(16,934)	–
			106,769	(16,934)	89,835

As at 31 December 2025, no loss allowance (2024: loss allowance of RMB16,934,000) was recognised by the Group on the balances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(b) Credit risk *(continued)*

(ii) Impairment of financial assets *(continued)*

Other receivables *(continued)*

The movement in the loss allowance, which is measured at lifetime ECL, for the other receivables during the year is summarised below.

	2025 RMB'000	2024 RMB'000
As at 1 January	16,934	16,934
Disposal of subsidiaries	(16,934)	–
As at 31 December	–	16,934

(c) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with debt covenants to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks and other financial institutions to meet their liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at each of the reporting dates during the period of Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the year-end dates) and the earliest date the Group may be required to pay.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total contractual undiscounted cash flows RMB'000	Total carrying amounts RMB'000
As at 31 December 2025					
Trade and other payables (excluding non-financial liabilities)	129,567	–	–	129,567	129,567
Lease liabilities (including interest)	20,067	14,743	–	34,810	33,294
Bank and other borrowings (including interest)	60,614	–	–	60,614	60,000
	210,248	14,743	–	224,991	222,861

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

(c) Liquidity risk *(continued)*

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total contractual undiscounted cash flows RMB'000	Total carrying amounts RMB'000
As at 31 December 2024					
Trade and other payables (excluding non-financial liabilities)	133,744	–	–	133,744	133,744
Lease liabilities (including interest)	11,421	8,939	8,260	28,620	26,510
Bank and other borrowings (including interest)	201,689	11,107	10,419	223,215	212,057
	346,854	20,046	18,679	385,579	372,311

(d) Equity price risk

The Group is exposed to equity price risk arising from financial assets at fair value through profit or loss. The sensitivity analysis has been determined based on the exposure to equity price risk.

As at 31 December 2025, if the fair value had been 1% higher or lower with all other variables held constant, the Group's profit before income tax for the year would have been increased/decreased approximately RMB123,000.

The sensitivity analysis has been determined assuming that the reasonably possible changes in the equity prices or other relevant risk variables had occurred at end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that the fair values of the Group's investments would change in accordance with the historical correlation with the equity prices or the relevant risk variables, and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in the relevant equity price or the relevant risk variables over the period until the end of the next annual reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity.

	2025 RMB'000	2024 RMB'000
Bank and other borrowings	60,000	212,057
Lease liabilities	33,294	26,510
Total debts	93,294	238,567
Less: Long-term bank deposits	(10,000)	(10,000)
Less: Pledged bank deposits	(19,700)	(44,859)
Less: Bank balances and cash	(328,396)	(113,316)
Net (cash) debts	(264,802)	70,392
Total equity	531,753	413,710
Gearing ratio	N/A	17.0%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under HKFRS 13 “Fair Value Measurement”.

The following table presents the Group’s financial assets that are measured at fair value:

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
As at 31 December 2025			
Financial assets at fair value through profit or loss	12,282	–	–
Contingent compensation receivable	–	–	–
	12,282	–	–

There were no transfers between Level 1, 2 and 3 during the year (2024: RMBNil).

The Group’s policy is to recognise transfers into and out of Level 3 as at the end of the reporting period in which the transfer occurs.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation *(continued)*

(b) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in Level 3 instruments:

	Contingent compensation receivable RMB'000
As at 31 December 2025	
At beginning of the reporting period	—
Business combination (note 35)	—
At end of the reporting period	—

	Contingent consideration receivable RMB'000
As at 31 December 2024	
At beginning of the reporting period	17,325
Settlement	(13,582)
Reclassification to consideration receivables	(1,920)
Fair value changes	(1,823)
At end of the reporting period	—

The above fair value changes are reported in "Change in fair value of contingent compensation receivable" (2024: "Change in fair value of contingent consideration receivable") in the consolidated statement of profit or loss.

Description of the valuation techniques and inputs used in Level 3 fair value measurement

The Group recognises the fair value of contingent compensation receivable (2024: contingent consideration receivable) at the end of each reporting period and fair value is based on profits for aggregate performance of the acquired group (2024: disposed subsidiary).

(c) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost are not materially different from their fair values as at 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Impairment of trade and other receivables

The impairment provisions for trade and other receivables are based on assumptions about the expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss.

Management also reviews its trade and other receivables by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables.

Details of the key assumptions and inputs used in estimating ECL are set out in note 3.1(b) to the consolidated financial statements. If the ECL rates on the not credit-impaired trade receivables more than 1 year past due had been 3% (2024: 3%) higher/lower at the end of the reporting period, with other assumptions held constant, the loss allowance would have been RMB10,000 (2024: RMB2,099,000) higher/lower.

(b) Recognition of income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

Deferred tax liabilities have not been provided for the withholding tax that would be payable on the undistributed earnings of certain subsidiaries in the PRC as those earnings are not expected to be distributable in the foreseeable future. Details of deferred tax liabilities as disclosed in note 30 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(continued)*

4.1 Critical accounting estimates and assumptions *(continued)*

(c) Impairment of property, plant and equipment, right-of-use assets, goodwill and intangible assets

The management determines the impairment loss on property, plant and equipment, right-of-use assets and intangible assets if circumstances indicate that the carrying value of an asset may not be recoverable. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amounts reduced to recoverable amount.

The recoverable amount is the higher of the fair value less costs of disposal and the VIU. In determining the VIU, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in note 2.3. These calculations require the use of estimates.

(d) Discount rates for calculating lease liabilities — as lessee

The Group uses the lessee's incremental borrowing rates to discount future lease payments since interest rates implicit in the leases are not readily determinable. In determining the discounts rates for its leases, the Group refers to a rate that is readily observable as the starting point and then applies judgement and adjusts such observable rate to determine the incremental borrowing rate.

(e) Share-based payments

As disclosed in note 26 to the consolidated financial statements, the Group granted share award to certain selected participants. Significant estimate on assumptions in determining the fair value of the share-based payments upon satisfying specified vesting conditions has been applied.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. SEGMENT INFORMATION

The chief operating decision-maker ("CODM") mainly include the board of directors of the Company, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the CODM considers the business from both business and geographical perspective.

During the year ended 31 December 2025, the revenue and results of the television broadcasting business are presented as discontinued operation in accordance with HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations". Details are further disclosed in note 11 to the consolidated financial statements.

The Group's operating and reportable segments under HKFRS 8 "Operating Segments" are as follows:

Continuing operations

- (i) New media services

Discontinued operations

- (ii) Television broadcasting business (as disclosed in note 11)

The CODM assesses the performance of the operating segments mainly based on profit for the year from each segment. Certain unallocated items are not allocated to each segment as they are not directly relevant to the operating results upon performance measurement and resource allocation by the CODM.

Inter-segment revenue and transfers are transacted with reference to the cost of sales and are eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. SEGMENT INFORMATION *(continued)*

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

For the year ended 31 December 2025

	Continuing operations	Discontinued operations		
	New media services RMB'000	Television broadcasting business RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue (from external customers)	1,486,523	61,474	–	1,547,997
Segment results	97,858	(2,054)	(8,150)	87,654
Other information				
Segment assets	930,019	–	15,840	945,859
Segment liabilities	408,275	–	5,831	414,106
Additions to non-current segment assets during the year:				
Property, plant and equipment				
— Additions	3,028	–	–	3,028
— Additions — acquisition of subsidiaries (note 35)	640	–	–	640
Intangible assets				
— Additions	3,680	–	–	3,680
— Additions — acquisition of subsidiaries (note 35)	7,300	–	–	7,300
Right-of-use assets				
— Additions	23,365	–	–	23,365
— Additions — acquisition of subsidiaries (note 35)	2,343	–	–	2,343
Amounts included in segment results:				
Loss allowance on trade receivables	(790)	–	–	(790)
Share of results of associates (note 13)	(767)	1,506	–	739
Share-based payment in respect of share awards	(24,775)	–	–	(24,775)
Depreciation of property, plant and equipment (note 14)	(7,095)	(1,361)	–	(8,456)
Depreciation of right-of-use assets (note 17)	(18,279)	(132)	–	(18,411)
Amortisation of intangible assets (note 16)	(7,617)	(903)	–	(8,520)
Change in fair value of financial assets at fair value through profit or loss (note 21)	–	–	(1,417)	(1,417)
Loss on disposal of subsidiaries (note 11(c))	–	(2,220)	–	(2,220)
Lease payment on short-term lease (note 17)	–	(500)	–	(500)
Finance costs (excluding net foreign exchange gain)	(3,975)	(6,056)	–	(10,031)
Interest income on long-term bank deposits	339	–	–	339
Interest income on short-term bank deposits	1,251	2	11	1,264

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. SEGMENT INFORMATION *(continued)*

For the year ended 31 December 2024

	Continuing Operations	Discontinued operations		
	New media services RMB'000	Television broadcasting business RMB'000	Unallocated RMB'000	Total RMB'000
Segment revenue	1,138,144	113,143	–	1,251,287
Inter-segment revenue	–	(783)	–	(783)
Segment revenue (from external customers)	1,138,144	112,360	–	1,250,504
Segment results	100,891	(22,027)	(6,634)	72,230
Other information				
Segment assets	669,805	251,540	2,579	923,924
Segment liabilities	252,981	253,587	3,646	510,214
Additions to non-current segment assets during the year:				
— Additions to property, plant and equipment	5,969	485	–	6,454
— Additions to intangible assets	11,657	–	–	11,657
— Additions to right-of-use assets	25,556	433	–	25,989
Amounts included in segment results:				
(Loss allowance) Reversal of loss allowance on trade receivables	(145)	2,977	–	2,832
Share of results of an associate (note 13)	–	2,847	–	2,847
Share-based payment in respect of share awards	(47,925)	–	–	(47,925)
Depreciation of property, plant and equipment (note 14)	(6,676)	(2,930)	–	(9,606)
Depreciation of right-of-use assets (note 17)	(19,453)	(1,402)	–	(20,855)
Amortisation of intangible assets (note 16)	(7,371)	(1,559)	–	(8,930)
Write-down of inventories	–	(7,440)	–	(7,440)
Change in fair value of contingent consideration receivable	–	(1,823)	–	(1,823)
Lease payment on short-term lease (note 17)	(2,294)	(534)	–	(2,828)
Finance costs (excluding net foreign exchange gain)	(1,131)	(11,745)	–	(12,876)
Interest income on long-term bank deposits	320	–	–	320
Interest income on short-term bank deposits	3,318	19	–	3,337
Written off of property, plant and equipment	(67)	–	–	(67)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. SEGMENT INFORMATION *(continued)*

Information about major customers

No revenue from any customer individually accounted for 10% or more of the Group's revenue for the years ended 31 December 2025 and 2024.

All Group's revenue from continuing operations was derived from the business carried out in the PRC.

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Total of non-current assets other than deferred income tax assets, trade and other receivables, long-term bank deposits and interest in associates		
The PRC	258,753	147,792
United States of America ("USA")	3,750	6,001
Others	—	498
	262,503	154,291

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. REVENUE AND OTHER GAINS, NET

An analysis of the Group's revenue from continuing operations is as follows:

	2025 RMB'000	2024 RMB'000 (re-presented)
Revenue from contracts with customers within the scope of HKFRS 15:		
Live-streaming e-commerce	1,274,807	929,790
New media operation	211,716	208,354
	1,486,523	1,138,144
Timing of revenue recognition		
At a point in time	1,472,973	1,138,144
Over time	13,550	–
	1,486,523	1,138,144
Other gains		
Government grants (note)	25,046	17,680
Value added tax refund	782	833
Gain on early termination of lease	205	–
Others	949	76
Other gains	26,982	18,589
Other losses		
Loss on disposal of property, plant and equipment	–	(67)
Loss on early termination of lease	–	(144)
Loss on lease modification	(1,296)	–
Others	(2,239)	(1,504)
Other losses	(3,535)	(1,715)
Other gain, net	23,447	16,874

Note: Government grants represented cash subsidies received from the PRC local government for the Group's operating activities during the years ended 31 December 2025 and 2024. There are no unfulfilled conditions or contingencies relating to such government grant income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. EXPENSES BY NATURE

	2025 RMB'000	2024 RMB'000 (re-presented)
Cost of services	866,815	554,060
Employee benefits expenses (note 8)	424,537	382,373
Office expenses	12,492	12,673
Depreciation expenses of right-of-use assets (note 17)	18,279	19,453
Travelling and transportation expenses	11,968	14,121
Legal fee and professional charges	8,952	6,244
Amortisation expenses of intangible assets (note 16)	7,617	7,371
Depreciation expenses of property, plant and equipment (note 14)	7,095	6,676
Testing expenses	4,888	2,985
Others	4,090	5,953
Other transaction taxes	4,045	4,794
Business development	3,786	6,004
Advertising and promotion	3,530	6,729
Leases expenses under short term leases (note 17)	–	2,294
Auditor's remuneration	1,800	1,900
Donation	1,000	–
Servicing and agency costs	355	–
	1,381,249	1,033,630

Employee benefits expenses, depreciation expenses of property, plant and equipment and others expenses disclosed above include an amount of RMB9,268,000 (2024: RMB1,283,000), RMB1,225,000 (2024: RMB375,000) and RMB363,000 (2024: RMBNil) respectively incurred relating to research and development activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. EMPLOYEE BENEFITS EXPENSES

	2025 RMB'000	2024 RMB'000 (re-presented)
Wages and salaries	236,122	203,946
Contributions to defined contribution plans	70,836	62,003
Share based payment expenses (note 26)	24,775	47,925
Bonus	67,642	32,345
Welfare and other allowances	25,162	36,154
	424,537	382,373

(a) Defined contribution plans

The Group has arranged its Hong Kong employees to join Mandatory Provident Fund ("MPF") Scheme. Under the MPF Scheme, each of the Group's companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the MPF Scheme Ordinance. The contributions from each of the employers and employees are subject to a cap of HKD1,500 per month and thereafter contributions are voluntary.

The Group's employees in the PRC are required to participate in a defined contribution retirement scheme administered and operated by local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on fixed percentage of the employees' salaries (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefit of the employees during the year.

No forfeited contributions for the above plans may be used by the employer to reduce the existing level of contributions.

(b) Five highest paid individuals

Of the five highest paid individuals in the Group, one (2024: one) individual was director whose emoluments are set out in note 38. The emoluments of the remaining four (2024: four) highest paid non-director individuals for 2025, are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, housing allowances, other allowances and benefits in kind	3,558	3,744
Discretionary bonus	2,844	1,348
Contributions to defined contribution plans	657	610
Share based payment expenses	3,677	7,085
	10,736	12,787

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. EMPLOYEE BENEFITS EXPENSES *(continued)*

(b) Five highest paid individuals *(continued)*

The number of the highest paid individuals (excluding the director of the Company) whose remuneration fell within the following bands is as follows:

	Number of individuals	
	2025	2024
Emolument bands:		
HKD2,000,001–HKD2,500,000	1	2
HKD2,500,001–HKD3,000,000	1	–
HKD3,000,001–HKD3,500,000	1	–
HKD3,500,001–HKD4,000,000	1	–
HKD4,000,001–HKD4,500,000	–	1
HKD5,000,001–HKD5,500,000	–	1
	4	4

No remuneration was paid or payable by the Group to any of the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of these individuals waived any emoluments during the years ended 31 December 2025 and 2024.

9. FINANCE (COSTS) INCOME, NET

	2025 RMB'000	2024 RMB'000 (re-presented)
Finance income		
Dividend income from financial assets at fair value through profit or loss	1,175	–
Interest income on long-term bank deposits	339	320
Interest income on short-term bank deposits	1,262	3,318
Net foreign exchange gain	463	–
	3,239	3,638
Finance costs		
Interest expenses on bank and other borrowings	(2,669)	(215)
Interest expenses on lease liabilities	(1,306)	(916)
Net foreign exchange loss	–	(395)
	(3,975)	(1,526)
Finance (costs) income, net	(736)	2,112

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. INCOME TAX EXPENSE

	2025 RMB'000	2024 RMB'000 (re-presented)
Continuing operations		
PRC enterprise income tax ("EIT")		
— Current income tax	28,046	23,382
— (Over) Under provision in prior years	(1,220)	846
	26,826	24,228
Deferred income tax (note 30)	8,477	4,870
Income tax expense	35,303	29,098

Reconciliation of income tax expense

	2025 RMB'000	2024 RMB'000 (re-presented)
Continuing operations		
Profit before income tax	125,011	123,355
Tax calculated at applicable tax rates of 25% (2024: 25%)	31,250	30,839
Tax effects of:		
— Expenses not deductible for tax purpose	1,197	1,759
— Effect of preferential/different tax rate	(12,519)	(6,590)
— Unrecognised temporary differences	7,589	—
— Utilisation of unrecognised tax losses	(2)	—
— Unrecognised tax losses	2,308	2,244
— (Over) Under provision in prior years	(1,220)	846
— Withholding tax on undistributed earnings of PRC subsidiaries	6,700	—
Income tax expense	35,303	29,098

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

10. INCOME TAX EXPENSE *(continued)*

BVI income tax

Some of the subsidiaries of the Group, incorporated in BVI as exempted companies with limited liability under the Companies Law of BVI, are exempted from BVI income tax.

Hong Kong profits tax

Entities of the Group incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% for the year ended 31 December 2025 (2024: 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.

USA federal corporate tax

Entities of the Group incorporated in the USA are subject to federal corporate tax rate of 21% for the year ended 31 December 2025 on the estimated assessable profit for the year. USA federal corporate tax has not been provided as the Group did not have any assessable profits for the year.

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% (2024: 15%) was granted as long as those PRC subsidiaries meet the high-tech enterprise qualification.

Certain subsidiaries of the Group meet the criteria of Micro-enterprise. Pursuant to the Announcement of Ministry of Finance and the State Administration of Taxation No. 13 of 2022* (《財政部稅務總局公告2022年第13號》) and the Announcement of Ministry of Finance and the State Administration of Taxation No. 6 of 2023* (《財政部稅務總局公告2023年第6號》), Micro-enterprise could enjoy an EIT at 20% on the assessable profits below RMB3,000,000 after reduction of 75% of assessable profits.

A subsidiary of the Group meets the criteria of Preferential Tax Policy for Building a Guangdong-Macao In-Depth Cooperation Zone in Hengqin. Pursuant to the Notice of the Ministry of Finance and the State Taxation Administration on the Preferential Policies on Enterprise Income Tax in the Guangdong-Macao In-Depth Cooperation Zone in Hengqin (Cai Shui [2022] No. 19)* (《財政部稅務總局關於橫琴粵澳深度合作區企業所得稅優惠政策的通知》(財稅[2022]19號)), corporate income tax for eligible industrial enterprises in the Guangdong-Macao In-Depth Cooperation Zone in Hengqin can be reduced to 15% so as to support the development of the Guangdong-Macao In-Depth Cooperation Zone in Hengqin.

PRC withholding tax

Under the EIT Law, dividends, interests, rent, royalties and gains on transfers of property received by a foreign enterprise, i.e., non-China tax resident enterprise, will be subject to the 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 holding company is the beneficial owner of the dividend received from the invested enterprises in the PRC and obtained the approval of enjoying the treaty rate from the PRC tax authorities. The withholding tax imposed on the dividend income received from the Group's PRC entities will reduce the Group's net income.

* For identification only

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. DISCONTINUED OPERATIONS

On 28 March 2025, the Company and Winner Team Limited (the “Purchaser”), an independent third party and a company incorporated in the BVI with limited liabilities, entered into a sale and purchase agreement, pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the entire issued share capital of Century Sage Scientific International Limited, a direct wholly-owned subsidiary of the Company, and its subsidiaries and an associate (the “Disposal Group”), for a cash consideration of RMB2,540,000 (the “Disposal”). The Disposal Group was principally engaged in the television broadcasting business. The Disposal was completed on 31 July 2025. Details of the Disposal have been disclosed in the Company’s announcements dated 28 March 2025 and 23 April 2025 and the Company’s circular dated 23 May 2025 respectively.

The management considers that the Disposal Group constituted discontinued operations and the comparative figures in the consolidated statement of profit or loss and consolidated statement of comprehensive income have been re-presented to separately reflect the results of television broadcasting business. The profit (loss) for the period/year from the discontinued television broadcasting business are set out below.

(a) The results of the discontinued operations are summarised as follows:

	Note	Period from 1 January 2025 to 31 July 2025 RMB'000	Year ended 31 December 2024 RMB'000
Revenue		61,474	112,360
Cost of sales		(34,267)	(79,887)
Gross profit		27,207	32,473
Other gains, net		3,282	1,504
Selling expenses		(13,081)	(19,205)
Administrative expenses		(13,743)	(22,828)
Reversal of loss allowance on trade receivables		–	2,977
Change in fair value of contingent consideration receivables		–	(1,823)
Provision for inventories		–	(7,440)
Finance costs, net		(4,937)	(10,344)
Share of results of an associate		1,506	2,847
Profit (Loss) before income tax	33(a)	234	(21,839)
Income tax expense		(68)	(188)
Profit (Loss) from the discontinued operations		166	(22,027)
Loss on disposal of subsidiaries	11(c)	(2,220)	–
Loss attributable to the discontinued operations		(2,054)	(22,027)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. DISCONTINUED OPERATIONS *(continued)*

(b) Net cash (outflow) inflow from discontinued operations are summarised as follows:

	Period from 1 January 2025 to 31 July 2025 RMB'000	Year ended 31 December 2024 RMB'000
Net cash used in operating activities	(16,352)	(12,340)
Net cash from investing activities	920	2,950
Net cash from financing activities	2,740	15,744
Net cash (outflow) inflows	(12,692)	6,354

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. DISCONTINUED OPERATIONS *(continued)*

- (c) Loss on disposal of subsidiaries and net cash outflow from disposal of subsidiaries are summarised as follows:

	RMB'000
Net liabilities disposed of:	
Property, plant and equipment (note 14)	20,534
Intangible assets (note 16)	564
Right-of-use assets (note 17)	641
Interest in an associate (note 13)	38,985
Trade and other receivables	91,137
Inventories	61,277
Other current assets	56,080
Bank balances and cash	2,605
Contract liabilities	(17,210)
Bank and other borrowings	(152,010)
Trade and other payables	(103,062)
Lease liabilities	(102)
Current income tax assets	546
Total identifiable net liabilities	(15)
Less: Non-controlling interests	2,252
Less: Release of exchange reserve upon disposal	2,523
	4,760
Loss on disposal of subsidiaries (note 6)	(2,220)
Total consideration	2,540
Analysis of net outflow of cash and cash equivalents in respect of disposal of subsidiaries	
Cash consideration received	2,540
Cash and cash equivalents disposed	(2,605)
	(65)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. EARNINGS PER SHARE

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

		2025 RMB'000	2024 RMB'000 (re-presented)
Numerator			
Profit (Loss) attributable to owners of the Company and used in computing basic and diluted earnings (loss) per share			
Continuing operations		92,847	98,298
Discontinued operations		(2,622)	(16,590)
		90,225	81,708
	Note	'000 shares	'000 shares
Denominator			
Weighted average number of ordinary shares in issue less shares held under the share award scheme (2024: <i>ordinary shares in issue or cancelled less shares held under the share award scheme</i>) during the year for the purpose of calculating basic earnings per share	(a)	1,372,085	1,346,747
Effect of dilutive potential ordinary shares:			
Unvested share award		18,882	30,080
Weighted average number of ordinary shares used in computing diluted earnings per share		1,390,967	1,376,827

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. EARNINGS PER SHARE *(continued)*

	2025 RMB cents	2024 RMB cents (re-presented)
Basic earnings (loss) per share		
Continuing operations	6.77	7.30
Discontinued operations	(0.19)	(1.23)
	6.58	6.07
Diluted earnings (loss) per share		
Continuing operations	6.68	7.13
Discontinued operations	(0.19)	(1.20)
	6.49	5.93

Note:

- (a) The weighted average number of ordinary shares in issue during the years ended 31 December 2025 and 2024 excluding ordinary shares held for the share award scheme as set out in note 26 to the consolidated financial statements.

13. INTEREST IN ASSOCIATES

The amount recognised in the consolidated statement of financial position is as follows:

	2025 RMB'000	2024 RMB'000
Cost of investment	900	34,410
Accumulated impairment loss	—	(1,800)
Share of post-acquisition (loss) profit and other comprehensive income, net of dividends received	(767)	4,869
	133	37,479

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INTEREST IN ASSOCIATES *(continued)*

The amount recognised in the consolidated statement of profit or loss is as follows:

	2025 RMB'000	2024 RMB'000 (re-presented)
Share of results of associates		
Continuing operations	(767)	—
Discontinued operations	1,506	2,847
	739	2,847

Details of the associates at the end of the reporting period are as follows:

Name of associates	Place of business, country of incorporation	Principal activities	% of ownership interest		Carrying amount	
			2025	2024	2025 RMB'000	2024 RMB'000
杭州曼達斯克科技有限公司 (Hangzhou Mindsync Technology Co., Ltd.*) ("Hangzhou Mindsync")	Hangzhou, The PRC	Engaged in artificial intelligence technology and provides clients with innovative marketing solutions	35%	—	—	—
北京交個朋友文化科技有限公司 (Beijing Be Friends Cultural Technology Co., Ltd.*) ("Beijing Culture")	Beijing, The PRC	Engaged in the integrated marketing business for short dramas, variety shows and cultural tourism	30%	—	—	—
杭州溫湯溫肉科技有限公司 (Hangzhou Wentang Wenrou Technology Co., Ltd.*) ("Hangzhou Wentang")	Hangzhou, The PRC	Engaged in the supply chain and offline sales business for food and beverages	22%	—	133	—
北京永達天恒體育文化傳媒有限公司 (Beijing Evertop Sports Culture Media Co., Ltd.*) ("Beijing Evertop")	Beijing, The PRC	Engaged in sports broadcasting, as well as media copyright promotion	— (note (iii))	45%	—	37,479
					133	37,479

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INTEREST IN ASSOCIATES *(continued)*

Note:

- (i) All of the above associates are private companies and there are no quoted market price available for the investment.
- (ii) All of the above associates are accounted for using the equity method in the consolidated statement of financial statements.
- (iii) The interests in an associate has been derecognised upon disposal of subsidiaries as mentioned in note 11 to the consolidated financial statements.

Relationship with associates

Hangzhou Mindsync has accumulated substantial professional data in the field of artificial intelligence and offers customers integrated marketing solutions powered by AI. Through this investment in Hangzhou Mindsync, the Group can realise resource sharing and strengthen our competitive position in the new media market.

Beijing Culture through its subsidiaries are primarily engaged in the integrated marketing business for short dramas, variety shows and cultural tourism. Through Beijing Culture, the Group can more flexibly participate in business collaborations for short dramas, variety shows and integrated marketing, while also consolidating content creation resources to expand the Group's business layout in the short video content field.

Hangzhou Wentang through its subsidiaries are primarily engaged in the supply chain and offline sales business for food and beverages. By combining the supply chain and operational capabilities in the food and beverage sector with the Group's resource advantages in new media marketing and brand promotion, jointly develop specialty food projects, expand the Group's business layout in the consumer goods sector, and achieve business synergy between online traffic and offline consumption.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INTEREST IN ASSOCIATES *(continued)*

Summarised financial information

Summarised financial information prepared using the same accounting policies as adopted by the Group is set out below.

Beijing Evertop

(i) Summarised statement of financial position

	As at 31 December 2024 RMB'000
Current assets	38,271
Current liabilities	(14,235)
Net current assets	24,036
Non-current assets	11,494
Non-current liabilities	(19)
Net non-current assets	11,475
Net assets	35,511

(ii) Summarised statement of comprehensive income

	For the period from 1 January to 31 July 2025 (date of disposal) RMB'000	For the year ended 31 December 2024 RMB'000
Revenue	33,737	81,214
Profit before income tax	3,855	7,442
Income tax expenses	(509)	(1,116)
Profit and total comprehensive income	3,346	6,326
Dividends received from an associate	—	4,050

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. INTEREST IN ASSOCIATES *(continued)*

Summarised financial information *(continued)*

Beijing Evertop *(continued)*

(iii) Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of its interest in associates.

	RMB'000
Carrying amount as at 1 January 2024	38,682
Share of profit of an associate	2,847
Dividend from an associate	(4,050)
Carrying amount as at 31 December 2024 and 1 January 2025	37,479
Share of profit of an associate from 1 January 2025 to the date of disposal	1,506
Carrying amount as at the date of disposal	38,985
Disposal of interest in an associate (note 11(c))	(38,985)
Carrying amount as at 31 December 2025	–

Financial information of individually immaterial associates

The table below shows, in aggregate, the carrying amount and the Group's share of results of associates that are not individually material and accounted for using the equity method.

	2025 RMB'000	2024 RMB'000
Carrying amounts of interests	133	–
Group's share of loss from continuing operations	(767)	–

Unrecognised share of losses of associates

The unrecognised share of losses of associates for the current year and cumulatively up to the end of the reporting period amounted to RMB82,000 (2024: RMBNil) and RMB82,000 (2024: RMBNil) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Vehicles and machinery RMB'000	Furniture, fixture and equipment RMB'000	Total RMB'000
Reconciliation of carrying amount — Year ended 31 December 2024				
As at 1 January 2024	22,847	189	12,019	35,055
Additions	—	150	6,304	6,454
Written off	—	—	(67)	(67)
Depreciation	(2,484)	(204)	(6,918)	(9,606)
As at 31 December 2024	20,363	135	11,338	31,836
Reconciliation of carrying amount — Year ended 31 December 2025				
As at 1 January 2025	20,363	135	11,338	31,836
Additions	—	—	3,028	3,028
Additions — business combination (note 35)	—	—	640	640
Depreciation	(1,450)	(29)	(6,977)	(8,456)
Disposal of subsidiaries (note 11(c))	(18,913)	(106)	(1,515)	(20,534)
As at 31 December 2025	—	—	6,514	6,514
As at 31 December 2024				
Cost	53,436	3,681	35,958	93,075
Accumulated depreciation	(33,073)	(3,546)	(24,620)	(61,239)
	20,363	135	11,338	31,836
As at 31 December 2025				
Cost	—	—	25,417	25,417
Accumulated depreciation	—	—	(18,903)	(18,903)
	—	—	6,514	6,514

Depreciation expenses of RMB1,351,000 (2024 (re-presented): RMB2,879,000) has been charged in administrative expenses from continuing operations for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. GOODWILL

	2025 RMB'000	2024 RMB'000
Reconciliation of carrying amount		
As at 1 January	80,112	80,112
Business combination (note 35)	129,415	–
As at 31 December	209,527	80,112

Goodwill arose because the consideration paid for the acquisition effectively included amount in relation to the benefits originated from future market development and the economies of scale expected to arise. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

Goodwill acquired through business combinations has been allocated to two individual CGUs of Beijing Be Friends Digital Technology Company Limited* (“Beijing Be Friends DT”) and Hangzhou Be Friends Education Technology Co., Ltd.* and its subsidiaries (“Hangzhou Be Friends ET Group”) for impairment test.

	CGUs					
	Beijing Be Friends DT		Hangzhou Be Friends ET Group		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Goodwill	80,112	80,112	129,415	–	209,527	80,112

Impairment tests for CGUs containing goodwill

The Group has engaged the valuer to perform an appraisal of the recoverable amounts of the CGUs of Beijing Be Friends DT and Hangzhou Be Friends ET Group. The recoverable amounts of CGUs have been determined on the basis of higher of the CGUs’ fair value less costs of disposal and VIU calculations.

The recoverable amounts of the CGU of Beijing Be Friends DT, including cooperation agreement and media accounts (note 16), and Hangzhou Be Friends ET Group, including curriculum system (note 16), have been determined on the basis of VIU. The VIU calculations uses cash flow projection based on financial budgets approved by management covering a 5-year period by applying certain key assumptions.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. GOODWILL *(continued)*

The key assumptions used for VIU calculations as at 31 December 2025 and 2024 are as follows:

	CGUs			
	Beijing Be Friends DT		Hangzhou Be Friends ET Group	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Gross margin	39%	31%	43%	—
Pre-tax discount rate	16%	21%	31%	—
Average growth rate	2%	3%	7%	—
Perpetual growth rate	2%	2%	2%	—

The pre-tax discount rates used reflects the specific risks relating to the relevant business. The perpetual growth rates are based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Other key assumptions for the VIU calculation are budgeted growth rate and budgeted gross margin, which are determined based on the past performance and the management's expectation of the market development, future performance of the CGUs and market growth forecast.

Based on the valuation prepared by valuer, the recoverable amounts of the CGUs of Beijing Be Friends DT and Hangzhou Be Friends ET Group are determined higher than their respective carrying amounts.

Management is of the opinion that any reasonably possible change in the key assumptions would not cause the CGUs' carrying amounts to exceed its recoverable amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. INTANGIBLE ASSETS

	Cooperation agreement RMB'000	Media accounts RMB'000	Computer software RMB'000	Electronic platform RMB'000	Curriculum system RMB'000	Total RMB'000
Reconciliation of carrying amount — year ended 31 December 2024						
As at 1 January 2024	5,803	2,526	3,781	–	–	12,110
Addition	–	–	3,657	8,000	–	11,657
Amortisation	(3,488)	(583)	(4,793)	(66)	–	(8,930)
As at 31 December 2024	2,315	1,943	2,645	7,934	–	14,837
Reconciliation of carrying amount — year ended 31 December 2025						
Aa at 1 January 2025	2,315	1,943	2,645	7,934	–	14,837
Addition	–	–	3,680	–	–	3,680
Additions — business combination (note 35)	–	–	–	–	7,300	7,300
Disposal of subsidiaries (note 11(c))	–	–	(564)	–	–	(564)
Amortisation	(2,315)	(581)	(4,524)	(800)	(300)	(8,520)
As at 31 December 2025	–	1,362	1,237	7,134	7,000	16,733
As at 31 December 2024						
Cost	8,100	2,910	24,916	8,202	–	44,128
Accumulated amortisation	(5,785)	(967)	(22,271)	(268)	–	(29,291)
Net book value	2,315	1,943	2,645	7,934	–	14,837
As at 31 December 2025						
Cost	8,100	2,910	12,643	8,000	7,300	38,953
Accumulated amortisation	(8,100)	(1,548)	(11,406)	(866)	(300)	(22,220)
Net book value	–	1,362	1,237	7,134	7,000	16,733

Employee benefits expenses of RMBNil (2024: RMB6,523,000) was capitalised as expenditure on development projects for the year ended 31 December 2025.

Amortisation expense of RMB7,617,000 (2024 (re-presented): RMB7,371,000) has been charged in administrative expenses from continuing operations for the year ended 31 December 2025.

Cooperation agreement, media accounts and curriculum system were acquired as a result of the acquisition of Beijing Be Friends DT and Hangzhou Be Friends ET Group. Amortisation is provided on the straight-line basis over their estimated useful lives. The carrying amounts of cooperation agreement media accounts and curriculum system are measured at cost less accumulated amortisation and impairment losses. As at 31 December 2025, cooperation agreement, media accounts and curriculum system were tested for impairment (see note 15) and no impairment loss was charged for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. LEASES

Right-of-use assets

	Properties RMB'000
Reconciliation of carrying amount — year ended 31 December 2024	
As at 1 January 2024	29,310
Additions	25,989
Early termination	(7,068)
Depreciation	(20,855)
Exchange realignments	130
As at 31 December 2024	27,506
Reconciliation of carrying amount — year ended 31 December 2025	
As at 1 January 2025	27,506
Additions	23,365
Additions — business combination (note 35)	2,343
Disposal of subsidiaries (note 11(c))	(641)
Lease modification	(1,991)
Early termination	(2,268)
Depreciation	(18,411)
Exchange realignments	(174)
As at 31 December 2025	29,729
As at 31 December 2024	
Cost	60,529
Accumulated depreciation	(33,023)
Net book amount	27,506
As at 31 December 2025	
Cost	80,855
Accumulated depreciation	(51,126)
Net book amount	29,729

Depreciation expenses of RMB18,279,000 (2024 (re-presented): RMB19,453,000) has been charged in administrative expenses from continuing operations for the year ended 31 December 2025.

The Group's right-of-use assets in respect of properties represent the leases of various offices (2024: car parks located in the PRC with lease terms of 46 years, leases of various offices and warehouses) respectively. Rental contracts in relation to various offices are typically made for fixed periods of 2 to 3 years (2024: 2 to 3 years). Lease terms are negotiated on an individual basis and contain similar terms and conditions.

As at 31 December 2025, the Group's right-of-use assets were located in the PRC and USA (2024: the PRC, USA and Hong Kong).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. LEASES (continued)

Right-of-use assets (continued)

Restrictions or covenants

Most of the leases impose a restriction that, unless the approval is obtained from the lessor, the right-of-use assets can only be used by the Group, and the Group is prohibited from selling or pledging the underlying assets.

For leases of properties, the Group is required to keep those properties in a good state of repair and return the properties in their original condition at the end of the lease.

Lease liabilities

	2025 RMB'000	2024 RMB'000
Lease liabilities		
Non-current	18,790	16,024
Current	14,504	10,486
	33,294	26,510

Note: The incremental borrowing rate applied to the lease liabilities during the year ended 31 December 2025 ranging from 3% to 4.45% (2024: 4.35% to 4.89%) per annum.

	2025 RMB'000	2024 RMB'000 (re-presented)
Lease payments:		
Short-term leases from continuing operations (note 7)	—	2,294
Short-term leases from discontinued operations	500	534
Expenses recognised in the consolidated statement of profit or loss	500	2,828
Lease payments:		
Interest on lease liabilities	1,306	963
Repayment of lease liabilities	15,676	19,248
	16,982	20,211
Total cash outflow for leases	17,482	23,039

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. TRADE AND OTHER RECEIVABLES

	Notes	2025 RMB'000	2024 RMB'000
Trade receivables			
From third parties		108,930	246,251
From an associate		—	716
	(vi)	108,930	246,967
Less: provision for impairment of trade receivables	3.1(b)	(1,110)	(54,196)
Trade receivables, net		107,820	192,771
Other receivables			
Deposit for guarantee certificate over tendering and performance	(i)	4,017	14,501
Deposit paid for acquisition of a subsidiary	(ii)	—	16,934
Cash advance to employees		—	7,881
Consideration receivable	(ii)	—	1,920
Contingent compensation receivable in relation to acquisition of Hangzhou Be Friends ET Group	(iii)	—	—
Due from an associate	(ii)	—	203
Due from related parties	(iv)	—	24,305
Receivable from disposal of a subsidiary	(ii)	—	3,602
Loan to a third party	(v)	—	21,000
Other deposits paid		11,911	12,087
Other tax receivables		31,708	22,867
Others		4,636	4,336
		52,272	129,636
Less: Provision for impairment of deposits paid for acquisition of a subsidiary	(ii)	—	(16,934)
	3.1(b)	—	(16,934)
Other receivables, net		52,272	112,702
Total trade and other receivables	(vii)	160,092	305,473
Less: Non-current portion			
Receivable from disposal of a subsidiary	(ii)	—	3,602
Other deposits paid		—	2,000
Trade receivables — third parties	(vi)	3,895	5,459
Less: provision for impairment of trade receivables		—	(54)
Non-current portion		3,895	11,007
Current portion		156,197	294,466

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. TRADE AND OTHER RECEIVABLES *(continued)*

As at 31 December 2025 and 2024, the fair values of trade and other receivables of the Group approximate their carrying amounts.

Information about the impairment of trade receivables and the Group's exposure to foreign currency risk and credit risk are detailed in notes 3.1(a) and 3.1(b) to the consolidated financial statements respectively.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

Notes:

- (i) Deposits for guarantee certificate over tendering and performance are placed with customers for performing the contracts and they are interest free and will be returned when the contracts complete.
- (ii) The amounts are derecognised through the disposal of subsidiaries during the year.
- (iii) The amount represented contingent compensation receivable for acquisition of Hangzhou Be Friends ET Group (as defined in note 35) in December 2025. The contingent compensation receivable will be settled only when the audited consolidated net profit of the Hangzhou Be Friends ET Group (before deducting non-recurring gains and losses) attributable to shareholders of the Hangzhou Be Friends ET Group for the Performance Guarantee Period (as defined in note 35) less than RMB18,000,000, RMB21,000,000 and RMB24,000,000 for the year ended 31 December 2025 and years ending 31 December 2026 and 2027 respectively.

As at 31 December 2025, the fair value of the contingent compensation receivable is determined by an independent professional valuer by applying income approach on the estimated profits from Hangzhou Be Friends ET Group for the Performance Guarantee Period and the probability of occurrence of each expected earning scenario.

During the year ended 31 December 2025, no fair value change on the contingent compensation receivable was recognised in the consolidated statement of profit or loss.

A decrease in the estimated profits of the Hangzhou Be Friends ET Group would result in an increase in the fair value of the contingent compensation receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. TRADE AND OTHER RECEIVABLES *(continued)*

Notes: (continued)

- (iv) The amounts due were unsecured and interest-free. The amounts were derecognised through the disposal of subsidiaries during the year.

Details of amounts due from related companies are as follows:

	Notes	As at 31 December		Maximum amount During the year ended 31 December	
		2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
北京世紀睿科工程技術有限公司 (Beijing Century Sage Scientific System and Technology Company Limited*)	(a)	—	9,957	9,957	10,316
北京格非信息技術有限公司 (Beijing Gefei Information Technology Co., Ltd*)	(b)	—	14,348	14,348	14,348
		—	24,305		

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

Notes:

- (a) Mr. Lo Chi Sum ("Mr. Lo"), the former 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 of the Disposal Group have direct beneficial interests in, and control over, the related companies.
- (v) The amount due was unsecured, bore interest at a fixed rate of 3% per annum and was wholly repaid during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. TRADE AND OTHER RECEIVABLES *(continued)*

Notes: (continued)

- (vi) Invoices issued to the customers (both third parties and an associate) are payable on issuance and no credit terms are stipulated in the 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 the finance department will keep regular tracking of outstanding receivables, and the heads of sale department would supervise the sale personnel to closely monitor and follow up with the customers on settlement of the outstanding receivables.

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

	2025 RMB'000	2024 RMB'000
Up to 3 months	101,860	132,583
Over 3 months but less than 6 months	4,648	9,167
Over 6 months but less than 1 year	2,101	24,056
Over 1 year but less than 2 years	321	13,482
Over 2 years but less than 3 years	–	10,639
Over 3 years	–	57,040
	108,930	246,967

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

- (vii) The carrying amounts of the trade and other receivables are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
Trade receivables		
RMB	107,820	189,108
USD	–	426
HKD	–	3,237
	107,820	192,771
Other receivables		
RMB	52,272	108,090
HKD	–	4,406
Others	–	206
	52,272	112,702
	160,092	305,473

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INVENTORIES

	2025 RMB'000	2024 RMB'000
Finished goods	359	–
Equipment and parts	–	64,448
Contract work in progress	–	24,338
	359	88,786
Provision for inventories	–	(34,566)
	359	54,220

Provision of RMB7,440,000 was made to write down the inventories to net realisable value from discontinued operations during the year ended 31 December 2024.

The cost of inventories recognised as expense is included in “cost of sales” from discontinued operations amounted to RMB33,767,000 (2024: RMB81,968,000) for the year ended 31 December 2025.

20. OTHER CURRENT ASSETS

	2025 RMB'000	2024 RMB'000
Prepayment for advertising services in e-commerce platforms	147,265	182,793
Prepayment for purchase of goods and provision of services	–	14,587
	147,265	197,380

As at 31 December 2025 and 2024, most of the other current assets are expected to be recovered within next 12 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2025 RMB'000	2024 RMB'000
Held for trading			
Equity securities listed in Hong Kong	(a)	12,282	—

Note:

- (a) The fair values of listed equity securities based on quoted market prices in active markets at end of the reporting period. During the year ended 31 December 2025, a fair value loss on listed equity securities of RMB1,417,000 (2024: RMBNil) were recognised in profit or loss.

22. PLEDGED BANK DEPOSITS

The amounts represent deposits placed in banks for guarantees issued for trade finance facilities used by the Group (2024: for guarantees issued for trade finance facilities used by the Group and secure bank borrowings as further detailed in note 28(d)). The deposits have a maturity period within one year and bear interest of 1.55% (2024: ranging from 0.20% to 1.85%) per annum for the year ended 31 December 2025.

The carrying amount of the pledged bank deposits are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	19,700	44,812
HKD	—	5
Others	—	42
	19,700	44,859

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. LONG-TERM BANK DEPOSITS AND BANK BALANCES AND CASH

(a) Long-term bank deposits

- (i) As at 31 December 2025, the long-term bank deposits were denominated in RMB with maturity date on 28 February 2028 and carried fixed interest rate of 2.2% per annum.
- (ii) As at 31 December 2024, the long-term bank deposits were denominated in RMB with maturity date on 28 June 2026 and carried fixed interest rate of 3.2% per annum. In view of the bank deposits will be matured within one year as at 31 December 2025 and therefore was reclassified as current assets.

(b) Bank balances and cash

	2025 RMB'000	2024 RMB'000
Cash on hand	48	146
Cash at banks	318,348	113,170
Time deposits at bank (note 23(a)(ii))	10,000	–
	328,396	113,316
Less: Time deposits with original maturity over three months	(10,000)	–
Total cash and bank balance as stated in the consolidated statement of cash flows	318,396	113,316

The carrying amount of the bank balances and cash are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	316,496	92,385
HKD	1,014	20,778
USD	10,886	75
Others	–	78
	328,396	113,316

The conversion of RMB into foreign currencies for the purpose of dividends is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The effective interest rate on bank deposits is 0.05% (2024: 0.20%) per annum for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

24. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Contract liabilities — third parties	96,007	62,269

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

The movements (excluding those arising from increases and decreases both occurred within the same year) of contract liabilities from contracts with customers within HKFRS 15 during the year are as follows:

	2025 RMB'000	2024 RMB'000
As at 1 January	62,269	32,908
Recognised as revenue	(45,060)	(29,681)
Receipt in advances or recognition of receivables	82,064	59,042
Additions — business combination (note 35)	13,944	—
Disposal of subsidiaries (note 11(c))	(17,210)	—
As at 31 December	96,007	62,269

For the year ended 31 December 2025, the increase in contract liabilities was mainly due to the increase in receipt in advance as a result of the increase in prepaid online marketing services fee for the completion of live-streaming e-commerce activities and training course after the end of the reporting period.

As at 31 December 2025 and 2024, most of the contract liabilities are expected to be settled within next 12 months.

25. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares	Nominal value of ordinary shares HKD'000
Authorised:		
Ordinary shares of HKD0.01 each		
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	5,000,000,000	50,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

25. SHARE CAPITAL AND TREASURY SHARES *(continued)*

Ordinary shares of HKD0.01 each:

	Number of ordinary shares	Share capital		Treasury shares	
		Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares
		HKD'000	RMB'000	HKD'000	RMB'000
Issued and fully paid					
Balance as at 1 January 2024	1,390,841,163	13,908	11,363	–	–
Shares repurchased	(6,188,000)	(36)	(33)	(25)	(24)
Balance as at 31 December 2024, 1 January 2025 and 31 December 2025	1,384,653,163	13,872	11,330	(25)	(24)
Shares repurchased but not cancelled					
Number of shares (Note (a))	2,550,000				
	1,387,203,163				

On 20 January 2026, the Company completed the allotment and issue of 20,000,000 new shares ("Allotment and Issue") to 2022 Share Award Plan Trustee (as defined in note 26) to be awarded and vested to the grantees of 2022 Share Award Plan. Immediately after the completion of the Allotment and Issue, the Company has a total of 1,407,203,163 shares issued (including the treasury shares).

Note:

- As at 31 December 2025 and 2024, there are repurchased shares that were not cancelled of 2,550,000 shares. The Company will utilise the treasury shares as permitted under the Listing Rules, including, but not limited to, sale or transfer, subject to market conditions and its capital management needs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. SHARE BASED PAYMENTS

(a) 2022 Share Award Plan

On 8 December 2022, the Company adopted a new share award plan (the “2022 Share Award Plan”) which is administered by trustee (the “2022 Share Award Plan Trustee”). The 2022 Share Award Plan, unless early terminated, will remain in force for 10 years until 7 December 2032.

The purposes of the 2022 Share Award Plan are to recognise and reward the contribution of certain selected participants (“Selected Participant(s)”) to the growth and development of the Group to give incentives thereto in order to retain them for the continual operation and development of the Group and to attract suitable personnel for further development of the Group.

The board of directors shall notify the 2022 Share Award Plan Trustee in writing upon the making of an award to the Selected Participants under the 2022 Share Award Plan. Upon the receipt of such notice, the 2022 Share Award Plan Trustee shall set aside the appropriate number of awarded shares pending the transfer and vesting of the same to the Selected Participants out of a share pool, into which the 2022 Share Award Plan Trustee may by, among other, utilising the trust fund of the trust to purchase the share on the Stock Exchange at the prevailing market price, or off market or subscription (as the case may be).

Subject to the rules of the 2022 Share Award Plan, the legal and beneficial ownership of the relevant awarded shares shall vest in the relevant Selected Participants as soon as practicable after the latest of:

- (i) the earliest date on which the 2022 Award Plan Trustee may vest the legal and beneficial ownership of the awarded shares in the relevant Selected Participants, which shall be a date not less than 12 months from the date of acceptance of the award by the relevant Selected Participants unless otherwise permitted under the Rules Governing the Listing of Securities on The Stock Exchange;
- (ii) the receipt by the 2022 Share Award Plan Trustee of the requisite information and documents stipulated by the 2022 Share Award Plan Trustee; and
- (iii) where applicable, the date on which the condition(s) or performance target(s) (if any) to be attained by such Selected Participants as specified in the related notice of award have been attained and notified to the 2022 Share Award Plan Trustee by the board of directors or the person(s) from time to time delegated by the board of directors with the power and authority to administer the 2022 Share Award Plan in writing.

On 10 January 2023, the Company granted 74,471,230 awarded shares to 68 Selected Participants, of which (i) 32,933,030 awarded shares granted to low to senior level employees of the Group; (ii) 1,200,000 awarded shares granted to a service provider; and (iii) 39,338,200 awarded shares and 1,000,000 awarded shares granted to Mr. Li Liang and Ms. Zhao Hui Li (“Ms. Zhao”) respectively, both are executive directors of the Company. The closing price on the date of grant is HKD1.88 (approximately RMB1.63) per share. Details of the vesting period and minimum holding period (if applicable) of the awarded shares has been disclosed in the Company’s announcement dated 10 January 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. SHARE BASED PAYMENTS *(continued)*

(a) 2022 Share Award Plan *(continued)*

On 31 August 2023, the Company granted 5,411,330 awarded shares to 80 Selected Participants of which all awarded shares granted to low to senior level employees of the Group. The closing price on the date of grant is HKD1.48 (approximately RMB1.35) per share. Details of the vesting period and minimum holding period (if applicable) of the awarded shares has been disclosed in the Company's announcement dated 31 August 2023.

35,133,030 awarded shares, 39,338,200 awarded shares and 5,098,938 awarded shares were issued on 17 January 2023, 28 April 2023 and 14 September 2023 respectively pursuant to the 2022 Share Award Plan. The closing price on the date of issue is HKD1.88 (approximately RMB1.64), HKD2.02 (approximately RMB1.78) and HKD1.35 (approximately RMB1.24) per share respectively.

On 10 April 2024, the Company granted 15,169,920 awarded shares to 199 Selected Participants, of which (i) 8,569,920 awarded shares granted to 193 low to mid-level employees of the Group; and (ii) 6,600,000 awarded shares granted to 5 employees of the Group, who are senior level employees of various business and functional departments of the Group, and 1 senior manager of the Group. The closing price on the date of grant is HKD1.48 (approximately RMB1.34) per share. Details of the vesting period and minimum holding period (if applicable) of the awarded shares has been disclosed in the Company's announcement dated 10 April 2024.

On 10 October 2024, the Company granted 3,913,610 awarded shares to 103 Selected Participants, of which (i) 3,373,610 awarded shares granted to 99 employees of the Group; and (ii) 540,000 awarded shares granted to 4 employees of the Group, who are senior level employees of various business and functional departments of the Group. The closing price on the date of grant is HKD1.18 (approximately RMB1.07) per share. Details of the vesting period and minimum holding period (if applicable) of the awarded shares has been disclosed in the Company's announcement dated 10 October 2024.

On 10 April 2025, the Company granted 10,473,300 awarded shares to 216 Selected Participants, of which (i) 7,023,300 awarded shares granted to 211 employees of the Group; (ii) 2,250,000 awarded shares granted to 4 employees of the Group, who are middle to senior level employees of various business and functional departments of the Group; and (iii) 1,200,000 awarded shares granted to Ms. Zhao, the executive director of the Company. The closing price on the date of grant is HKD0.85 (approximately RMB0.79) per share. Details of the vesting period and minimum holding period (if applicable) of the awarded shares has been disclosed in the Company's announcement dated 10 April 2025.

On 10 October 2025, the Company granted 865,000 awarded shares to 4 Selected Participants, of which (i) 475,000 awarded shares granted to 2 senior managers of the Group; and (ii) 390,000 awarded shares granted to 2 employees of the Group, who are senior level employees of various business and functional departments of the Group. The closing price on the date of grant is HKD0.97 (approximately RMB0.89) per share. Details of the vesting period of the awarded shares has been disclosed in the Company's announcement dated 10 October 2025.

The vesting conditions was subject to the performance targets of the awarded shares are individualised based on the job natures and job positions of each Selected Participant and the projected market and business conditions for the period covered by the each of the performance evaluation quarterly, semi-annually and annually.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. SHARE BASED PAYMENTS *(continued)*

(a) 2022 Share Award Plan *(continued)*

Movements of the Company's shares held by the 2022 Share Award Plan Trustee under the 2022 Share Award Plan during the year are as follows:

	Number of shares		
	Held by the 2022 Share Award Plan Trustee yet to be awarded (note)	Held by the 2022 Share Award Plan Trustee for the grantees	Total held by the 2022 Share Award Plan Trustee
Balance as at 1 January 2024	–	60,562,488	60,562,488
Granted to grantees during the year	(19,083,530)	19,083,530	–
Forfeited during the year	1,373,354	(1,373,354)	–
Transfer to grantees upon vesting during the year	–	(30,300,484)	(30,300,484)
Balance as at 31 December 2024 and 1 January 2025	(17,710,176)	47,972,180	30,262,004
Granted to grantees during the year	(11,338,300)	11,338,300	–
Forfeited during the year	2,864,649	(2,864,649)	–
Transfer to grantees upon vesting during the year	–	(29,874,635)	(29,874,635)
Balance as at 31 December 2025	(26,183,827)	26,571,196	387,369

Note: As at 31 December 2025, the Company had a total of 26,183,827 (2024: 17,710,176) outstanding unvested share awards granted under the 2022 Share Award Plan, all of which could be satisfied by either existing shares or new shares issued by the Company (by way of general mandate).

The fair value of the awarded shares was calculated based on the market price of the Company's shares at the respective grant date. The weighted average fair value of awarded shares granted during the year ended 31 December 2025 was RMB0.79 (2024: RMB1.29) per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. SHARE BASED PAYMENTS *(continued)*

(b) Share-based payment expenses

The amounts of share-based payment expenses with a corresponding credit to reserve of the Group during the year are as follows:

	2025 RMB'000	2024 RMB'000
Share Award Plan		
— Employees (excluding directors of the Company)	12,933	21,449
— Directors of the Company (note 38)	11,821	25,882
— A service provider	21	594
	24,775	47,925

27. OTHER RESERVES

	Merger reserve RMB'000 (note a)	Translation reserve RMB'000 (note b)	Share award reserve RMB'000 (note c)	Capital reserve RMB'000 (note d)	Capital redemption reserve RMB'000 (note f)	Statutory reserve RMB'000 (note g)	Total RMB'000
Balance as at 1 January 2024	(70,612)	(3,902)	106,300	1,971	–	10,324	44,081
Employee share award	–	–	47,925	–	–	–	47,925
Shares repurchased and cancelled	–	–	–	–	33	–	33
Currency translation differences	–	(791)	–	–	–	–	(791)
Balance as at 31 December 2024	(70,612)	(4,693)	154,225	1,971	33	10,324	91,248
Balance as at 1 January 2025	(70,612)	(4,693)	154,225	1,971	33	10,324	91,248
Employee share award	–	–	24,775	–	–	–	24,775
Transfer	–	–	–	–	–	15,963	15,963
Currency translation differences	–	1,270	–	–	–	–	1,270
Release upon disposal of subsidiaries	–	2,523	–	–	–	–	2,523
Acquisition of additional interest in a non-wholly owned subsidiary without change in control	–	–	–	(5,996)	–	–	(5,996)
Balance as at 31 December 2025	(70,612)	(900)	179,000	(4,025)	33	26,287	129,783

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. OTHER RESERVES (continued)

Notes:

- a. The merger reserve of the Group represents the difference between the nominal value of the shares of the Company, acquired pursuant to the Group reorganisation, over the nominal value of the Company's shares issued in exchange thereof.
- b. The translation reserve has been set up and is dealt with in accordance with the accounting policies adopted for foreign currency translation as set out in note 2 to the consolidated financial statements.
- c. The share award reserve comprises the fair value of share-based payment transactions and is dealt with in accordance with the accounting policies as set out in note 2 to the consolidated financial statements.
- d. The capital reserve has been set up to deal with the changes in ownership interests in subsidiaries that do not result in a loss of control. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised in capital reserve.
- e. Share premium represents the excess of the net proceeds or consideration from issuance of the Company's shares over their par value.
- f. The capital redemption reserve has been set up in accordance with the provisions of the Companies Law of the Cayman Islands on repurchases and cancellations of the Company's shares.
- g. According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regularities, to the statutory reserve until the reserve balance reached 50% of their registered capital.

The transfer to this reserve must be made before distribution of a dividend to shareholders.

28. BANK AND OTHER BORROWINGS

	Note	2025 RMB'000	2024 RMB'000
Bank borrowings, unsecured and guaranteed	(a)	60,000	43,535
Bank borrowings, secured and guaranteed	(b)	—	12,000
Bank borrowings, unsecured and unguaranteed	(c)	—	34,654
Bank borrowings, secured and unguaranteed	(d)	—	42,833
Other borrowings, unsecured and unguaranteed	(e)	—	79,035
		60,000	212,057
Non-current		—	20,535
Current		60,000	191,522
		60,000	212,057

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. BANK AND OTHER BORROWINGS *(continued)*

Notes:

(a) Bank borrowings, unsecured and guaranteed

The bank borrowings are unsecured, bear interest at fixed rates ranging from 2.2% to 3.2% per annum (2024: (i) at fixed rates ranging from 1.98% to 4.3% per annum; or (ii) at the prevailing interest rate of 台灣央行專案融通利率 plus 1.4% per annum).

The bank borrowings of RMB60,000,000 (2024: RMB10,000,000) are guaranteed by a subsidiary and are wholly repayable within one year.

The bank borrowings of RMB535,000 as at 31 December 2024 (denominated in New Taiwan dollar ("TWD")) were guaranteed by Mr. Lo and a director of a former subsidiary. The bank borrowings were derecognised through the disposal of subsidiaries during the year.

The bank borrowings of RMB15,000,000 as at 31 December 2024 were guaranteed by non-controlling shareholders of a former subsidiary. The bank borrowings were derecognised through the disposal of subsidiaries during the year.

The bank borrowings of RMB5,000,000 as at 31 December 2024 were guaranteed by an independent third party, Beijing Guohua Culture & Technology Financing Guarantee Co., Ltd., a director of a former subsidiary and his spouse. The bank borrowings were derecognised through the disposal of subsidiaries during the year.

The bank borrowings of RMB13,000,000 as at 31 December 2024 were guaranteed by an independent third party, Beijing Zhongguancun Sci-Tech Financing Guaranty Co., Limited. The bank borrowings were derecognised through the disposal of subsidiaries during the year.

(b) Bank borrowings, secured and guaranteed

The bank borrowings bear interest at fixed rate of 2.08% per annum (2024: at the prevailing interest rate of Loan Prime Rate in the PRC).

The bank borrowings of RMB12,000,000 as at 31 December 2024 were secured by the buildings with carrying amount of RMB20,363,000 and were guaranteed by an independent third party, Beijing Zhongguancun Sci-Tech Financing Guaranty Co., Limited. The bank borrowings were derecognised through the disposal of subsidiaries during the year.

(c) Bank borrowings, unsecured and unguaranteed

The bank borrowings are unsecured, bear interest at fixed rates ranging from 1.98% to 15.01% per annum.

As at 31 December 2024, amount of RMB24,654,000 included in the balance were repayable within one year and classified as current liabilities. The remaining balance of RMB10,000,000 was repayable during January 2026 to October 2026.

During the year, the bank borrowings of RMB10,000,000 was repaid and the remaining balance of RMB24,654,000 were derecognised through the disposal of subsidiaries during the year.

(d) Bank borrowings, secured and unguaranteed

The bank borrowings were secured by the pledged bank deposits of RMB42,451,000, bore interest at a fixed rate of 4.8% per annum. The bank borrowings were repaid during the year.

(e) Other borrowings, unsecured and unguaranteed

The borrowings were derecognised through the disposal of subsidiaries during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

28. BANK AND OTHER BORROWINGS *(continued)*

Notes: (continued)

- (f) The scheduled repayment dates of the Group's bank and other borrowings, as set out in loan arrangements without considering the effect of any repayment on demand clause, are as follows:

	2025 RMB'000	2024 RMB'000
Repayable on demand or within 1 year	60,000	191,522
Repayable after 1 year but within 2 years	—	10,535
Repayable after 2 years but within 5 years	—	10,000
	60,000	212,057

- (g) The exposure of the Group's bank and other borrowings to interest rate changes are as follows:

	2025 RMB'000	2024 RMB'000
Fixed interest rate	60,000	189,522
Variable interest rate	—	22,535
	60,000	212,057

- (h) The carrying amounts of the Group's bank and other borrowings are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	60,000	196,738
TWD	—	535
JPY	—	14,784
	60,000	212,057

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

29. TRADE AND OTHER PAYABLES

	Note	2025 RMB'000	2024 RMB'000
Trade payables			
To third parties	(a)	119,767	82,684
Other payables			
Other taxes payables		–	11,681
Employee benefits payables		79,241	41,813
Due to a related company/a shareholder	(b)	–	8,765
Accrual for professional service fees		1,800	1,900
Accrual for operating expenses		–	1,484
Interest payables		–	26,893
Loans from third parties	(c)	–	5,500
Consideration payables	(d)	347	–
Others		7,653	6,518
		89,041	104,554
		208,808	187,238

Notes:

- (a) The credit period of trade payables is normally within 60 (2024: 60) days. The ageing analysis of the trade payables based on invoice date is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	118,698	55,395
Over 3 months but within 6 months	1,069	3,641
Over 6 months but within 1 year	–	5,059
Over 1 year but within 2 years	–	11,672
Over 2 years but within 3 years	–	762
Over 3 years	–	6,155
	119,767	82,684

The carrying amounts of the Group's trade payables are denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
RMB	119,767	82,355
USD	–	102
HKD	–	227
	119,767	82,684

- (b) The balance represented the amount due to Cerulean Coast Limited ("Cerulean"), a company wholly owned by Mr. Lo. As at 31 December 2024, the balance was unsecured and bore interest at rate of 5.25% per annum. The amounts were derecognised through the disposal of subsidiaries during the year.
- (c) The loans were unsecured, interest-free and derecognised through the disposal of subsidiaries during the year.
- (d) As detailed in note 36, the Group made partial settlement of the consideration payables in respect of the acquisition of Hangzhou Juhuo (as defined in note 36) during the year. The amount due was unsecured, interest-free and repayable within one year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. DEFERRED INCOME TAX

The following is the analysis of the net deferred tax (liabilities) balances for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Deferred tax assets	5,129	6,906
Deferred tax liabilities	(11,278)	(2,753)
	(6,149)	4,153

The following is the deferred tax assets (liabilities) recognised by the Group and movements thereon during the year.

	Timing difference arising from share based payment expenses RMB'000	Fair value surplus arising from acquisition of subsidiaries RMB'000	Withholding tax on undistributed earnings of subsidiaries RMB'000	Total RMB'000
As at 1 January 2024	11,776	(2,753)	–	9,023
Charged to consolidated profit or loss	(4,870)	–	–	(4,870)
As at 31 December 2024	6,906	(2,753)	–	4,153
As at 1 January 2025	6,906	(2,753)	–	4,153
Additions — business combination (note 35)	–	(1,825)	–	(1,825)
Charged to consolidated profit or loss (note 10)	(1,777)	–	(6,700)	(8,477)
As at 31 December 2025	5,129	(4,578)	(6,700)	(6,149)

As at 31 December 2025, the retained earnings of the Group's PRC subsidiaries not yet remitted to holding companies incorporated outside the PRC, for which no deferred income tax liability had been provided, were approximately RMB284,146,000 (2024: RMB263,922,000). Such earnings are expected to be retained by the PRC subsidiaries for reinvestment purposes and would not be remitted to a foreign investor in the foreseeable future based on management's estimation of overseas funding requirements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. DEFERRED INCOME TAX *(continued)*

Unrecognised deferred income tax assets arising from

	2025 RMB'000	2024 RMB'000
Before multiplied by the applicable tax rates:		
Deductible temporary differences	30,356	124,305
Tax losses	25,186	169,581
	55,542	293,886

No deferred income tax asset has been recognised in respect of these items due to the unpredictability of future profit streams. No deductible temporary differences expire under current tax legislation. The expiry dates of unrecognised tax losses are as follows:

	2025 RMB'000	2024 RMB'000
Tax losses expiring on 31 December 2025	–	9,076
Tax losses expiring on 31 December 2026	–	1,497
Tax losses expiring on 31 December 2027	–	19,041
Tax losses expiring on 31 December 2028	6,985	13,092
Tax losses expiring on 31 December 2029	8,963	26,854
Tax losses expiring on 31 December 2030	9,238	–
Tax loss without expiry date	–	100,021
	25,186	169,581

31. DIVIDENDS

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2025 of HKD0.05 per ordinary share, amounting to a total final dividend of approximately HKD70,233,000 based on the number of shares issued (excluding treasury shares) as at the date hereof, is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These consolidated financial statements do not reflect this dividend payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

32. FINANCIAL INSTRUMENTS BY CATEGORY

	At Amortised cost RMB'000	Financial assets at FVPL RMB'000	Total RMB'000
As at 31 December 2025			
Assets as per consolidated statement of financial position			
Financial assets at fair value through profit or loss	–	12,282	12,282
Contingent compensation receivables (at FVPL)	–	–	–
Long-term bank deposits	10,000	–	10,000
Trade and other receivables excluding other tax receivables	128,384	–	128,384
Bank balances and cash	328,396	–	328,396
Pledged bank deposits	19,700	–	19,700
	486,480	12,282	498,762

	At amortised cost RMB'000
Liabilities as per consolidated statement of financial position	
Bank and other borrowings	60,000
Trade and other payables excluding non-financial liabilities	129,567
Lease liabilities	33,294
	222,861

	At amortised cost RMB'000
As at 31 December 2024	
Assets as per consolidated statement of financial position	
Long-term bank deposits	10,000
Trade and other receivables excluding other tax receivables	282,606
Bank balances and cash	113,316
Pledged bank deposits	44,859
	450,781

	At amortised cost RMB'000
Liabilities as per consolidated statement of financial position	
Bank and other borrowings	212,057
Trade and other payables excluding non-financial liabilities	133,744
Lease liabilities	26,510
	372,311

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. OTHER CASH FLOW INFORMATION

(a) Reconciliation of profit before income tax to cash generated from operations:

	2025 RMB'000	2024 RMB'000 (re-presented)
Profit before income tax from continuing operations	125,011	123,355
Profit (Loss) before income tax from discontinued operations (note 11(a))	234	(21,839)
	125,245	101,516
Adjustments for:		
— Amortisation of intangible assets (note 16)	8,520	8,930
— Loss allowance (Reversal of loss allowance) on trade receivables (note 3.1(b)(ii))	790	(2,832)
— (Gain) Loss on early termination of lease (note 6)	(205)	144
— Loss on lease modification (note 6)	1,296	—
— Written off of property, plant and equipment	—	67
— Write-down of inventories	—	7,440
— Depreciation of property, plant and equipment (note 14)	8,456	9,606
— Depreciation of right-of-use assets (note 17)	18,411	20,855
— Interest income (note 5)	(1,603)	(3,657)
— Interest expenses (note 5)	10,031	12,876
— Dividend income from financial assets at fair value through profit or loss (note 9)	(1,175)	—
— Fair value change in contingent consideration receivable	—	1,823
— Fair value change in financial assets at fair value through profit or loss (note 21)	1,417	—
— Share-based compensation expenses (note 26)	24,775	47,925
— Share of results of associates (note 13)	(739)	(2,847)
	195,219	201,846
Changes in working capital:		
— Inventories	(7,196)	5,134
— Trade and other receivables	73,180	(22,637)
— Other current assets	(5,965)	(158,479)
— Trade and other payables	113,031	(40,587)
— Contract liabilities	37,004	29,361
Cash generated from operations	405,273	14,638

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. OTHER CASH FLOW INFORMATION *(continued)*

(b) Changes in liabilities arising from financing activities:

	Lease liabilities RMB'000 (note 17)	Bank and other borrowings RMB'000 (note 28)	Total RMB'000
As at 1 January 2024	26,567	133,888	160,455
New leases	25,989	–	25,989
Cash flows:			
Repayment of lease liabilities	(19,248)	–	(19,248)
Proceeds from bank and other borrowings	–	103,468	103,468
Repayments of bank and other borrowings	–	(23,421)	(23,421)
	(19,248)	80,047	60,799
Exchange realignments	126	(1,878)	(1,752)
Other changes:			
Early termination of lease	(6,924)	–	(6,924)
	(6,924)	–	(6,924)
As at 31 December 2024 and 1 January 2025	26,510	212,057	238,567
New leases	23,365	–	23,365
Cash flows:			
Repayment of lease liabilities	(15,676)	–	(15,676)
Proceeds from bank and other borrowings	–	60,000	60,000
Repayments of bank and other borrowings	–	(62,833)	(62,833)
	(15,676)	(2,833)	(18,509)
Exchange realignments	(194)	2,786	2,592
Other changes:			
Early termination of lease	(695)	–	(695)
Lease modification	(2,473)	–	(2,473)
Additions — business combination (note 35)	2,559	–	2,559
Disposal of subsidiaries (note 11(c))	(102)	(152,010)	(152,112)
	(711)	(152,010)	(152,721)
As at 31 December 2025	33,294	60,000	93,294

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

34. RELATED PARTY TRANSACTIONS

(a) Key management compensation

Key management includes directors. The compensation paid or payable to key management for employee services is shown as follows:

	2025 RMB'000	2024 RMB'000
Salaries, bonus and other allowances	5,482	4,710
Contributions to defined contribution plans	289	305
Share based payment expenses (notes 26 and 38)	11,821	25,882
	17,592	30,897

Note: These were connected/continuing connected transactions which are fully exempted under Rule 14A.95 of the Listing Rules.

(b) In addition to the transactions/information disclosed elsewhere in these consolidated financial statements, during the year, the Group had the following transactions with related parties:

Related parties relationship	Nature of transactions	Notes	2025 RMB'000	2024 RMB'000
A director	Interest expenses	(i), (iv)	—	684
A related company/a shareholder	Interest expenses	(ii), (iv)	—	460
Related companies	Service fee income	(iii), (v)	—	(593)

Notes:

- (i) The interest expenses were paid/payable to Mr. Lo.
- (ii) The interest expenses were paid/payable to Cerulean.
- (iii) Mr. Li Jun and Mr. Li Liang had direct/indirect beneficial interest in those related companies.
- (iv) These were connected/continuing connected transactions which were fully exempted under Rule 14A.90 of the Listing Rules.
- (v) These were connected/continuing connected transactions which were fully exempted under Rule 14A.76 of the Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. BUSINESS COMBINATION

On 5 August 2025, Mr. Li Liang, Mr. Li Jun, both are the executive directors of the Company, Longquan Be Friends Technology Partnership (Limited Partnership)*, a limited partnership established in the PRC, Mr. Li Xiang, an independent third party and Longquan Mangyuan Technology Partnership (Limited Partnership)*, a limited partnership established in the PRC (the "Partnership") (collectively as the "Vendors") and Be Friends Preferred Technology Limited*, a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company ("Be Friends Preferred") (as purchaser) and Hangzhou Be Friends Education Technology Co., Ltd.* ("Hangzhou Be Friends ET" or the "Target Company"), a limited liability company established in the PRC entered into the equity purchase agreement ("Equity Purchase Agreement"), pursuant to which the Vendors and the Partnership have conditionally agreed to sell, and Be Friends Preferred has conditionally agreed to acquire, entire equity interests in Hangzhou Be Friends ET Group, at a total cash consideration of RMB180,000,000 ("Hangzhou Be Friends ET Group Acquisition").

The Partnership is owned as to 85% and 15% by Ms. Xu Lixia, its general partner and the mother of Mr. Li Liang and Mr. Cui, its limited partner and the director of Hangzhou Be Friends Wisdom Technology Co., Ltd. *, an indirect wholly-owned subsidiary of the Company (collectively as the "Vendors of the Partnership"),

On 25 September 2025, the supplemental agreement (the "Supplemental Agreement") was signed by Be Friends Preferred and Hangzhou Yijiang Future Wisdom Technology Co., Ltd.*, a limited liability company established in the PRC, and an indirect wholly-owned subsidiary of the Company ("Hangzhou Yijiang Future") (collectively as "Subsidiaries") and the relevant parties to amend the terms and the structure of the Hangzhou Be Friends ET Group Acquisition (the "Amendments"). Among the Amendments, the Partnership will cease to be a vendor selling 34.935% of equity interest in Hangzhou Be Friends ET under the Equity Purchase Agreement. Instead, the Vendors of the Partnership have agreed to sell, and the Subsidiaries have agreed to purchase, the entire partnership interest in the Partnership. The sale and purchase of the total of 65.065% equity interests held by Vendors in Hangzhou Be Friends ET remain unchanged.

Under the Equity Purchase Agreement (as amended by the Supplemental Agreement), the Vendors of the Partnership, Mr. Li Liang, and Mr. Li Jun (together, the "Guarantors") have provided a performance guarantee in respect of the Hangzhou Be Friends ET Group's consolidated financial results for the three years ending 31 December 2025, 2026 and 2027 (the "Performance Guarantee Period").

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. BUSINESS COMBINATION *(continued)*

The Guarantors have guaranteed that the audited consolidated net profit of the Hangzhou Be Friends ET Group (before deducting non-recurring gains and losses) attributable to shareholders of the Hangzhou Be Friends ET Group for the Performance Guarantee Period shall not be less than RMB18,000,000, RMB21,000,000 and RMB24,000,000 for the year ended 31 December 2025, years ending 31 December 2026 and 2027 respectively.

If the audited consolidated net profit of the Hangzhou Be Friends ET Group (before deducting non-recurring gains and losses) attributable to shareholders of the Hangzhou Be Friends ET in any year during the Performance Guarantee Period is less than the guaranteed amount for that year, the Subsidiaries shall have the right to request the Guarantors to pay, by 30 April of the year following the end of the relevant year of the Performance Guarantee Period, a cash compensation calculated as shortfall amount multiplied by 2.86.

Based on the estimate profits for aggregate performance of the Hangzhou Be Friends ET Group during the Performance Guarantee Period, the fair value of contingent compensation receivable were RMBNil at the date of completion.

Details of the Hangzhou Be Friends ET Group have been disclosed in the Company's announcements dated 5 August 2025 and 25 September 2025 and the Company's circular dated 16 October 2025 respectively.

Upon the completion of Hangzhou Be Friends ET Group Acquisition in December 2025, the Partnership became an indirect wholly-owned partnership owned by the Company, and Hangzhou Be Friends ET Group became indirect wholly-owned subsidiaries of the Company with the Group holding 65.065% of its equity interest directly by the Subsidiaries and 34.935% indirectly by the Partnership.

Hangzhou Be Friends ET Group principally engages in the business of providing diverse training solutions of livestreaming e-commerce and e-commerce operation for corporate and individual clients, offering online and offline courses and dedicated live-streaming e-commerce partnership for customers. The directors of the Company considered that Hangzhou Be Friends ET Group Acquisition would strengthen the Group's new media services in terms of ecological capability and brand influence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. BUSINESS COMBINATION *(continued)*

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	180,000
Contingent compensation receivable	–
Total consideration	180,000
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Property, plant and equipment (note 14)	640
Intangible assets (note 16)	7,300
Right-of-use assets (note 17)	2,343
Inventories	220
Trade and other receivables ^	19,726
Bank balances and cash	48,065
Contract liabilities (note 24)	(13,944)
Trade and other payables	(9,381)
Lease liabilities	(2,559)
Deferred income tax liabilities (note 30)	(1,825)
Total identifiable net assets	50,585
Goodwill (note 15)	129,415
Total consideration	180,000
Net cash outflow on acquisition of subsidiaries	
Cash consideration paid	(180,000)
Bank balances and cash acquired from the subsidiaries	48,065
	(131,935)
Acquisition-related costs	330

^ The fair value of trade and other receivables at the date of acquisition amounted to RMB19,726,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB19,726,000 at the date of acquisition, of which no balance is expected to be uncollectible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. BUSINESS COMBINATION *(continued)*

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.

Since acquisition, the acquired business has contributed RMB13,550,000 and RMB1,864,000 to the revenue and results of the Group respectively.

If the business combinations effected during the year had been taken place at the beginning of the year, the revenue and profit from the continuing operations for the Group would have been RMB1,618,111,000 and RMB106,941,000 respectively.

36. ACQUISITION OF NON-CONTROLLING INTERESTS OF A SUBSIDIARY WITHOUT A CHANGE IN CONTROL

Acquisition of 48% equity interests in Hangzhou Juhuo Interactive Culture Communication Co., Ltd.* ("Hangzhou Juhuo") (the "Hangzhou Juhuo Acquisition")

As at 31 December 2024, the Group held 52% equity interests in Hangzhou Juhuo. The Group has further acquired the remaining 48% equity interests in Hangzhou Juhuo from a related company which is incorporated in the PRC with limited liability at a cash consideration of RMB431,000 of which RMB347,000 remained unsettled and recorded as consideration payables in note 29(d). The Hangzhou Juhuo Acquisition was completed in October 2025 and Hangzhou Juhuo then became an indirect wholly-owned subsidiary of the Company.

The carrying amount of the non-controlling interests in Hangzhou Juhuo on the date of acquisition was RMB5,565,000. The Group derecognised non-controlling interests of RMB5,565,000 and recognised directly in equity attributable to owners of the Company of RMB5,996,000 for the difference between the amounts by which the non-controlling interests are adjusted and the fair value of the consideration paid.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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37. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	Note	2025 RMB'000	2024 RMB'000
Assets			
Non-current assets			
Investments in subsidiaries		179,835	164,797
Current assets			
Due from subsidiaries	37(c)	21,814	22,316
Other receivables		3,093	1,966
Dividend receivables		67,000	–
Financial assets at fair value through profit or loss	21	12,282	–
Cash and cash equivalents		464	612
		104,653	24,894
Total assets		284,488	189,691
Equity and liabilities			
Equity			
Share capital	25	11,330	11,330
Treasury shares	25	(24)	(24)
Share premium	37(b)	322,966	322,966
Share award reserve	37(b)	179,000	154,225
Capital redemption reserve	37(b)	33	33
Translation reserve	37(b)	(350)	(73)
Accumulated losses	37(b)	(261,073)	(305,788)
Total equity		251,882	182,669
Liabilities			
Current liabilities			
Due to subsidiaries	37(c)	20,075	3,376
Tax payables		6,700	–
Other payables		5,831	3,646
		32,606	7,022
Total equity and liabilities		284,488	189,691

This statement of financial position was approved and authorised for issue by the Board of Directors on 26 March 2026 and signed on its behalf by

Li Liang
Chairman and Chief Executive Officer

Li Jun
Executive Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENTS OF THE COMPANY *(continued)*

(b) Reserve movements of the Company

	Share premium RMB'000	Share award reserve RMB'000	Capital redemption reserve RMB'000	Translation reserve RMB'000	Accumulated losses RMB'000
Balance at 1 January 2024	330,273	106,300	–	(86)	(299,120)
Loss for the year	–	–	–	–	(6,668)
Other comprehensive loss for the year	–	–	–	13	–
Total comprehensive loss for the year	–	–	–	13	(6,668)
Transaction with owners: <i>Contributions and distribution</i>					
Shares repurchased and cancelled	(4,585)	–	33	–	–
Share repurchased but not cancelled	(2,722)	–	–	–	–
Employee share award	–	47,925	–	–	–
	(7,307)	47,925	33	–	–
Balance as at 31 December 2024	322,966	154,225	33	(73)	(305,788)
Balance at 1 January 2025	322,966	154,225	33	(73)	(305,788)
Profit for the year	–	–	–	–	44,715
Other comprehensive loss for the year	–	–	–	(277)	–
Total comprehensive loss for the year	–	–	–	(277)	44,715
Transaction with owners: <i>Contributions and distribution</i>					
Employee share award	–	24,775	–	–	–
	–	24,775	–	–	–
Balance as at 31 December 2025	322,966	179,000	33	(350)	(261,073)

(c) Due from (to) subsidiaries

The amounts due are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The emoluments paid or payable to the directors and chief executive of the Company by the Group during the year were as follows:

Year ended 31 December 2025

Name	Fees RMB'000	Salaries, housing allowances, other allowances and benefits in kind RMB'000	Discretionary bonus RMB'000	Contribution to defined contribution plans RMB'000	Share based payment RMB'000	Total RMB'000
Chairman and executive director						
Mr. Li Jun (note (iii))	–	1,761	–	–	–	1,761
Chief executive officer and executive director						
Mr. Li Liang (note (ii))	–	1,581	–	152	11,291	13,024
Executive director						
Mr. Lo Chi Sum (note (i))	–	486	–	–	–	486
Ms. Zhao Hui Li	–	1,084	–	137	530	1,751
Independent non-executive directors						
Mr. Ma Zhan Kai	–	190	–	–	–	190
Mr. Kong Hua Wei	–	190	–	–	–	190
Dr. Yu Guo Jie	–	190	–	–	–	190
	–	5,482	–	289	11,821	17,592

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. BENEFITS AND INTERESTS OF DIRECTORS *(continued)*

(a) Directors' emoluments *(continued)*

Year ended 31 December 2024

Name	Fees RMB'000	Salaries, housing allowances, other allowances and benefits in kind RMB'000	Discretionary bonus RMB'000	Contribution to defined contribution plans RMB'000	Share based payment RMB'000	Total RMB'000
Chairman and executive director						
Mr. Li Jun	–	1,111	–	–	–	1,111
Chief executive officer and executive director						
Mr. Li Liang (note (ii))	–	926	–	160	25,448	26,534
Executive director						
Mr. Lo Chi Sum (note (i))	–	980	–	14	–	994
Ms. Zhao Hui Li	–	1,111	–	131	434	1,676
Independent non-executive directors						
Mr. Ma Zhan Kai	–	194	–	–	–	194
Mr. Kong Hua Wei	–	194	–	–	–	194
Dr. Yu Guo Jie	–	194	–	–	–	194
	–	4,710	–	305	25,882	30,897

- (i) Mr. Lo Chi Sum resigned as the chief executive officer and executive director with effective from 5 December 2024 and 19 June 2025 respectively.
- (ii) Mr. Li Liang was appointed as the chief executive officer and chairman of the board with effect from 5 December 2024 and 27 January 2026 respectively.
- (iii) Mr. Li Jun resigned as the chairman of the board with effect from 27 January 2026.

No emoluments were paid or payable by the Group to directors or past directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during the years ended 31 December 2025 and 2024.

(b) Directors' material interests in transactions, arrangements or contracts

Saved as disclosed in notes 34 and 35 to the consolidated financial statements, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. SUBSIDIARIES

Name of subsidiaries	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital/ registered capital	Effective equity interests held
Directly owned:				
Yijiang Information Technology Co., Limited	BVI, limited liability company	Investment holding company, Hong Kong	50,000 ordinary shares of USD1 each	100%
Indirectly owned:				
交個朋友優選科技有限公司 Be Friends Preferred Technology Co., Ltd.*	The PRC, limited liability company	Provision of new media service, the PRC	Registered capital of RMB50,000,000	100%
杭州聚火互動文化傳播有限公司 (Hangzhou Juhuo Interactive Culture Communication Co., Ltd. *) ("Hangzhou Juhuo")	The PRC, limited liability company	Provision of new media service, the PRC	Registered capital of RMB10,000,000	100% (2024: 52%)
杭州交個朋友智慧科技有限公司 (Hangzhou Be Friends Wisdom Technology Co., Ltd. *)	The PRC, limited liability company	Provision of new media service, the PRC	Registered capital of RMB1,000,000	100%
杭州易匠未來智慧科技有限公司 (Hangzhou Yijiang Future Wisdom Technology Co., Ltd. *)	The PRC, limited liability company	Provision of new media service, the PRC	Registered capital of RMB1,000,000	100%
北京交個朋友數碼科技有限公司 (Beijing Be Friends Digital Technology Company Limited *)	The PRC, limited liability company	Provision of new media service, the PRC	Registered capital of RMB1,000,000	100%
杭州交個朋友教育科技有限公司 (Hangzhou Be Friends Education Technology Co., Ltd. *)	The PRC, limited liability company	Provision of new media service, the PRC	Registered capital of RMB1,960,784	100% (2024: Nil)
北京格非科技股份有限公司 (Beijing Gefei Technology Co., Limited *) ("Beijing Gefei")	The PRC, limited liability company	Disposed	Registered capital of RMB15,800,000	Nil (2024: 49%)

The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, materially contribute to the results of the Group or hold a material portion of the assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

Unless stated otherwise, the percentage of equity interests held by the Company for the years ended 31 December 2025 and 2024 are the same.

None of the subsidiaries had issued any debt securities during the year.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. SUBSIDIARIES *(continued)*

Financial information of subsidiaries with individually material non-controlling interest

Set out below are the summarised financial information for Beijing Gefei and Hangzhou Juhuo and its subsidiaries (collectively referred to as “Hangzhou Juhuo Group”) of which non-controlling interests are material to the Group. The summarised financial information represents amounts before inter-company eliminations since acquisition.

Summarised statement of financial position

	Beijing Gefei
	As at 31 December 2024
Proportion of non-controlling interests' ownership interests	51%
	As at 31 December 2024 RMB'000
Current assets	103,086
Current liabilities	(88,139)
Net current assets	14,947
Non-current assets	266
Non-current liabilities	(20,000)
	(19,734)
Net liabilities	(4,787)
Carrying amount of non-controlling interests	(2,441)

Note: The non-controlling interests in Beijing Gefei have been derecognised upon disposal of subsidiaries on 31 July 2025 as mentioned in note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. SUBSIDIARIES *(continued)*

Financial information of subsidiaries with individually material non-controlling interest *(continued)*

Summarised statement of profit or loss

	Beijing Gefei	
	For the period from 1 January 2025 to 31 July 2025 RMB'000	Year ended 31 December 2024 RMB'000
Revenue	30,050	38,853
Profit (Loss) before income tax	1,359	(10,497)
Income tax expenses	–	–
Profit (Loss) and total comprehensive income (loss)	1,359	(10,497)
Profit (Loss) attributable to non-controlling interests	693	(5,353)
Dividend paid to non-controlling interests	–	–

Summarised cash flows

	Beijing Gefei
	Year ended 31 December 2024 RMB'000
Operating activities	
Cash used in operations	(6,379)
Income tax paid	–
Net cash used in operating activities	(6,379)
Net cash from investing activities	–
Net cash from financing activities	17,078
Net increase in cash and cash equivalents	10,699
Cash and cash equivalents at beginning of the year	604
Cash and cash equivalents at end of year	11,303

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. SUBSIDIARIES *(continued)*

Financial information of subsidiaries with individually material non-controlling interest *(continued)*
Summarised statement of financial position

	Hangzhou Juhuo Group
	As at 31 December 2024
Proportion of non-controlling interests' ownership interests	48%
	As at 31 December 2024 RMB'000
Current assets	19,140
Current liabilities	(1,151)
Net current assets	17,989
Non-current assets	107
Net assets	18,096
Carrying amount of non-controlling interests (note)	(2,463)

Note: The Group had injected RMB13,000,000 and RMB10,000,000 during the period ended 31 December 2021 and year ended 31 December 2022 respectively, while non-controlling interests did not inject any additional capital. As at 31 December 2024, the non-controlling interests were not entitled to the excess contribution made by the Group in total of approximately RMB23,000,000 in accordance with agreements entered into between the shareholders. The non-controlling interests in Hangzhou Juhuo Group have been derecognised upon further acquisition of interests in Hangzhou Juhuo on 31 October 2025 as mentioned in note 36.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

39. SUBSIDIARIES (continued)

Financial information of subsidiaries with individually material non-controlling interest (continued)

Summarised statement of profit or loss

	Hangzhou Juhuo Group	
	For the period from 1 January 2025 to 31 October 2025 RMB'000	Year ended 31 December 2024 RMB'000
Revenue	–	11,178
Loss before income tax	(6,462)	(8,420)
Income tax expenses	–	–
Loss and total comprehensive loss	(6,462)	(8,420)
Loss attributable to non-controlling interests	(3,102)	(4,042)
Dividend paid to non-controlling interests	–	–

Summarised cash flows

	Hangzhou Juhuo Group
	Year ended 31 December 2024 RMB'000
Operating activities	
Cash used in operations	(13,284)
Income tax paid	–
Net cash used in operating activities	(13,284)
Net cash used in investing activities	(3)
Net cash from financing activities	660
Net decrease in cash and cash equivalents	(12,627)
Cash and cash equivalents at beginning of the year	14,366
Cash and cash equivalents at end of year	1,739

FIVE YEARS' FINANCIAL SUMMARY

A five years' financial summary of the results and of the assets and liabilities of the Group is set out below. This summary is extracted from the audited consolidated financial statements of respective years and does not form part of the audited consolidated financial statements.

		Year Ended 31 December			
	2025 RMB'000	2024 RMB'000 (re-presented)	2023 RMB'000	2022 RMB'000	2021 RMB'000
Results					
Revenue	1,486,523	1,138,144	1,074,335	425,606	202,788
Cost of sales	(883,289)	(563,873)	(507,425)	(227,358)	(138,451)
Gross profit	603,234	574,271	566,910	198,248	64,337
Selling expenses	(339,166)	(300,054)	(261,678)	(70,860)	(10,929)
Administrative expenses	(158,794)	169,703	(173,646)	(107,847)	(76,172)
Reversal of loss allowance (Loss allowance) on trade receivables	(790)	(145)	(6,833)	(92)	(6,124)
Reversal of loss allowance (Loss allowance) on other receivables	—	—	1,800	(1,800)	—
Write-down of inventories	—	—	(6,972)	(8,452)	(4,006)
Change in fair value of contingent consideration receivable	—	—	17,325	—	(17,755)
Impairment loss on goodwill	—	—	—	—	(7,128)
Change in fair value of financial assets at fair value through profit or loss	(1,417)	—	—	—	—
Impairment loss on interest in an associate	—	—	—	—	(1,800)
Other gains (losses), net	23,447	16,874	8,875	(3,813)	4,228
Operating profit (loss)	126,514	121,243	145,781	5,384	(55,349)
Finance (costs) income, net	(736)	2,112	(13,336)	(11,590)	(16,247)
Share of results of associates	(767)	—	7,074	150	(638)
Profit (Loss) before income tax	125,011	123,355	139,519	(6,056)	(72,234)
Income tax (expense) credit	(35,303)	(29,098)	(25,548)	(10,335)	3,510
Profit (Loss) for the year	89,708	94,257	113,971	(16,391)	(68,724)
Earnings (Loss) Per Share (RMB cents per share)					
Basic earnings (loss) per share	6.77	7.30	9.05	(0.80)	(5.83)
Diluted earnings (loss) per share	6.68	7.13	8.65	(0.80)	(5.83)
Assets and Liabilities					
Total Assets	945,859	923,924	754,587	446,906	422,681
Total Liabilities	414,106	510,214	452,877	343,923	334,287
Total Equity	531,753	413,710	301,710	102,983	88,394