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## **Be Friends Holding Limited**

**交個朋友控股有限公司**

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

**(Stock Code: 1450)**

### **GRANT OF AWARDED SHARES AND PROPOSED ISSUE OF NEW SHARES PURSUANT TO THE SHARE AWARD PLAN**

#### **GRANT OF AWARDED SHARES**

This announcement is made pursuant to Rule 17.06A of the Listing Rules.

The Board announces that, on 31 August 2023, the Company granted 5,411,330 Awarded Shares to 80 Selected Participants under the Share Award Plan.

Details of the Awards are set out below:

Date of grant : 31 August 2023

Number of Selected Participants : 80

Number of Awarded Shares granted : 5,411,330 Awarded Shares, amongst which,

- (i) 3,611,330 Awarded Shares will be granted to 76 low to middle level employees of the Group who have made contributions and well performed in the Group (“**1st Batch**”); and
- (ii) 1,800,000 Awarded Shares will be granted to 4 employees of the Group, who are senior level employees of various business and functional departments of the Group (“**2nd Batch**”).

Purchase price of the Awarded Shares granted	:	Nil
Closing price of the Shares on the date of grant	:	HK\$1.48
Vesting period and minimum holding period (if applicable) of the Awarded Shares	:	In accordance with the terms of the Share Award Plan and on the premise of achieving the Performance Targets, the vesting period and minimum holding period of the Awarded Shares granted under the 1 <sup>st</sup> Batch are as follow:

<b>% of the Awarded Shares granted</b>	<b>Vesting period</b> <i>(Note 1)</i>	<b>Minimum holding period</b> <i>(Note 2 and 3)</i>
40% (1,444,532 Awarded Shares)	31 August 2023 to 31 October 2023	31 October 2023 to 30 June 2024
30% (1,083,399 Awarded Shares)	31 August 2023 to 31 January 2024	31 January 2024 to 30 September 2024
30% (1,083,399 Awarded Shares)	31 August 2023 to 31 July 2024	31 July 2024 to 31 March 2025

In accordance with the terms of the Share Award Plan and on the premise of achieving the Performance Targets, the vesting period of the Awarded Shares granted under the 2<sup>nd</sup> Batch are as follow:

<b>% of the Awarded Shares granted</b>	<b>Vesting period</b> <i>(Note 1)</i>
34% (612,000 Awarded Shares)	31 August 2023 to 31 July 2024
33% (594,000 Awarded Shares)	31 August 2023 to 31 July 2025
33% (594,000 Awarded Shares)	31 August 2023 to 31 July 2026

*Note 1:* The period starting from the grant date up to the vesting date of the relevant Awarded Shares.

*Note 2:* A period of 8 months starting from the vesting date of the relevant Awarded Shares, during which the Selected Participants are prohibited from transferring or otherwise dealing with the vested Awarded Shares.

*Note 3:* The Company adopts different incentive measures for different types of employees with reference to their base salaries and job positions. As the low to mid level employees under the 1st Batch have a relatively lower average base salary as compared with the senior level employees, on the premise of achieving the Performance Targets, a shorter vesting period would improve the overall remuneration of such employees. In combination with the minimum holding period, they are encouraged to actively make long-term contributions to the Group. As the senior level employees under the 2nd Batch has a relatively higher average base salary, the Company adopts a longer vesting period so as to retain them in the long run.

The vesting period for part of the Awarded Shares granted under 1st Batch and 2nd Batch are shorter than 12 months because (a) the vesting of the relevant Awarded Shares under 1st Batch and 2nd Batch is subject to the fulfillment of the relevant Performance Targets, (b) in respect of 1st Batch, the total vesting and minimum holding period (as calculated by weighted average) is more than 12 months and (c) in respect of 2nd Batch, it has a mixed vesting schedule, such that the relevant Awarded Shares vest gradually over a period of 3 years, which are specific circumstances permitted by the rules of the Share Award Plan.

Performance targets of the Awarded Shares : The Company has established an appraisal mechanism to evaluate the performance of each Selected Participant on a quarterly basis for his/her quarter performance (“**Quarter Performance Evaluation**”) and full year performance from 1 January to 31 December each year (“**Full Year Performance Evaluation**”). 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 covered by the Quarter Performance Evaluation and the Full Year Performance Evaluation.

The performance targets of the Awarded Shares granted under the 1<sup>st</sup> Batch include, among others, settled gross mechanise value (GMV), settled revenue, gross profit, live-streaming accident rate and cost control rate. If a Selected Participant meets the Performance Targets under his/her most recent Quarter Performance Evaluation or Full Year Performance Evaluation (as the case may be) immediately before the end of a vesting period, the Awarded Shares which are scheduled to be vested to him/her for that vesting period will be vested in full.

The performance targets of the Awarded Shares granted under the 2<sup>nd</sup> Batch include, among others, settled GMV, settled revenue, gross profit, net profit, performance management completion rate and compliance risk control rate. If a Selected Participant meets the Performance Targets under his/her most recent Quarter Performance Evaluation or Full Year Performance Evaluation (as the case may be) immediately before the end of a vesting period, the Awarded Shares which are scheduled to be vested to him/her for that vesting period will be vested in full.

- Clawback mechanism of the Awarded Shares :
- As disclosed in the Adoption Circular, any Award made to Selected Participant(s) shall lapse forthwith and be cancelled when the Board or the Committee shall at its absolute discretion determine in respect of a Selected Participant that:
- (a) the Selected Participant or his/her associate has committed any breach of any contract entered into between the Selected Participant or his/her associate on one part and any member of the Group or any Related Entity on the other part as the Board or the Committee may in its absolute discretion determine; or
  - (b) the Selected Participant has fallen into any of the following conditions:
    - i. the results of the economic responsibility audit and other similar assessment(s) show that duties of the Selected Participant are not performed effectively or is in serious dereliction of duty or malfeasance;
    - ii. non-compliance with all relevant laws and regulations and the articles of association of the Company;

- iii. during his/her term of office, the Selected Participant is subject to disciplinary actions by virtue of illegal behaviours, including but not limited to bribery, corruption, theft, leakage of the Group's business and technical secrets, damages to the Group's interests and reputation through related party transactions and resulting in material negative impact on the Group's image; and
  - iv. the Selected Participant fails to perform or fails to properly perform his/her duties, resulting in substantial asset losses and other serious adverse consequences to the Group; or
- (c) the Selected Participant has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally, or has been convicted any criminal offence involving his integrity or honesty; or
- (d) the Selected Participant could no longer make any contribution to the growth and development of any member of the Group or the Related Entity by reason of the cessation of its relationship with the Group or its Related Entity or by any other reasons whatsoever; or
- (e) the Selected Participant has caused any material misstatement in the financial statements of the Company.

Shareholder rights : Neither the Selected Participants nor the trustee may exercise any voting rights in respect of any Awarded Shares that have not yet vested.

Other information : The number of Shares available for future grant after the grant of the Awards under the Share Mandate Limit and the Service Provider Sublimit of the Share Award Plan will be 51,556,931 Shares and 5,356,354 Shares, respectively.

To the Company's best knowledge, none of the Selected Participants under the Award: (a) is a director, chief executive, substantial shareholder (as defined in the Listing Rules) of the Company, or their respective associates (as defined in the Listing Rules); (b) is a related entity participant or service provider (as defined in Chapter 17 of the Listing Rules); or (c) has been granted Awarded Shares that exceed their respective individual limits as set out in Chapter 17 of the Listing Rules.

The Company or any of its subsidiaries do not have any arrangement to provide financial assistance to the Selected Participants to facilitate the purchase of Awarded Shares under the Share Award Plan.

## **REASONS OF THE AWARDS**

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

The reasons for the grant of Awards is to recognise and reward the contribution of the Selected Participants to the growth and development of the Group; and give incentives to attract and retain the Selected Participants for the continual operation and further development of the business of the Group, especially the live-streaming business.

The Board considers that the Awards align with the purpose of the Share Award Plan because the vesting of the Awarded Shares is conditional upon the achievement of respective Performance Targets by the Selected Participants. As the Selected Participants are presented with opportunities to acquire ownership in the Company, the Awards will incentivise the Selected Participants to continuously contribute and improve the business of the Group. As the Awards will be satisfied by way of issue and allotment of new Shares and the Awarded Shares issued to and held by the Trustee which have lapsed under the Share Award Plan, there will not be any material cash outflow by the Group under the Awards. In light of the above, the Board considers that the number of Awarded Shares, the terms and conditions of the Awards as well as the issue and allotment of new Shares are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Adoption Circular”	the circular of the Company dated 18 November 2022 in relation to the proposed adoption of the Share Award Plan
“Awarded Shares”	the Shares to be awarded to the Selected Participants under the Share Award Plan
“Awards”	the 5,411,330 Awarded Shares granted to the Selected Participants on 31 August 2023 pursuant to the Share Award Plan
“Board”	the board of the Directors
“Committee”	shall have the same meaning as defined in the Adoption Circular
“Company”	Be Friends Holding Limited (Stock Code: 1450), an exempted company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Performance Targets”	the performance targets as set out in the paragraph headed “Performance targets of the Awarded Shares” in this announcement
“Scheme Mandate Limit”	shall have the same meaning as defined in the Adoption Circular
“Service Provider Sublimit”	shall have the same meaning as defined in the Adoption Circular
“Selected Participant(s)”	the eligible person(s) selected by the Board for participation in the Share Award Plan in respect of the award of the Awarded Shares
“Share Award Plan”	the share award plan adopted by the Company on 8 December 2022, as amended from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the issued capital of the Company

“Shareholders”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Trustee”	Tricor Trust (Hong Kong) Limited

By Order of the Board  
**Be Friends Holding Limited**  
**Li Jun**  
*Chairman*

Hong Kong, 31 August 2023

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