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Joy Spreader Group Inc.
樂享集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6988)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

The Board is pleased to present the audited consolidated results of the Group for the year ended December 31, 2024, together with the comparative figures for the year ended December 31, 2023. The results of the Group have been reviewed by the Audit Committee.

The audited consolidated annual results of the Group for the year ended December 31, 2024 together with comparative figures for the corresponding period in 2023 are as follows:

FINANCIAL RESULTS HIGHLIGHTS

	For the year ended		Year-on-year
	December 31,		changes
	2024	2023	Increase/ (Decrease)
	<i>(HK\$ in millions, except for percentages)</i>		
Revenue	113.31	5,083.99	(97.77)%
Gross profit	1.05	459.57	(99.77)%
Loss for the year attributable to owners of the Company	(1,068.48)	(784.17)	36.26%
Net loss margin	(942.97)%	(15.42)%	(927.55) ⁽¹⁾
Loss per Share			
– Basic (HK cents)	(45.05)	(33.10)	36.10%
– Diluted (HK cents)	(45.05)	(33.10)	36.10%

Note:

(1) Changes in percentage points.

Highlights of the Group's operational results for the year ended December 31, 2024, together with comparative figures for the corresponding period in 2023, are as follows:

OPERATIONAL RESULTS HIGHLIGHTS

	As of December 31 or for the year ended December 31,		Year-on-year changes
	2024	2023	Decrease
Overseas sales of E-commerce goods business			
Sales (HK\$ million)	32.80	4,587.90	(99.29)%
Algorithm-based marketing business			
GMV of domestic short video platform			
E-commerce marketing (HK\$ million)	22.04	539.09	(95.91)%
Number of paid actions of interactive entertainment products marketing ⁽¹⁾ ('000)			
	24,242	77,952	(68.90) %
Average revenue per paid action (HK\$)	2.46	2.54	(3.15) %

Note:

(1) Referring to the total number of paid actions, including click, download and installation, top-up, etc.

CORPORATE PROFILE

Looking back on 2024, it remained a year of challenges and opportunities. Since 2023, the domestic market environment has undergone dramatic changes, particularly with a challenging business environment for private enterprises. To navigate these challenges, the Group has actively pursued solutions with a primary focus on two primary directions and dimensions.

The first direction being the Group's domestic partnership with central state-owned enterprises (SOEs).

Under the clear guidance of the national direction of digitalization of the cultural industry, the Group aligned its domestic business with central SOEs by establishing a mixed-ownership reform company, Poly Joy Spreader Digi-Entertainment (Beijing) Co., Ltd. ("**Poly Digi-Entertainment**"), with cultural central SOEs. Leveraging this mixed-ownership reform platform, the Group maximized the central SOEs' strategic position to fully integrate domestic algorithm-based marketing technology and digitalization capabilities fully with Poly Culture's competitive businesses, bringing several achievements to fruition within two years. Notably, the Group achieved commercial success across AI (artificial intelligence)+ entertainment, AIGC (artificial intelligence generated content), and blockchain sectors.

The second direction being actively expanding the Group's businesses in overseas markets.

Capitalizing on ASEAN's rise to China's second-largest export destination, since 2022, the Group has intensified efforts in the 3C E-commerce business in this market. We have built our own 3C E-commerce platform, MARTOP, achieving a GMV(gross merchandise volume) of \$1.3 billion within three years of its launch. In particular, the successful transition of our overseas business from big data to AI-driven algorithmic marketing delivered significant efficiency improvements in marketing, especially traffic placement, and product selection, substantially increasing our overseas e-commerce GMV.

From a business perspective, the Group invested heavily in algorithm capabilities to embrace the AI era.

Building on more than ten years of technological expertise, the Group has accumulated capabilities for processing massive marketing data and developing algorithm models. By incorporating advanced AI models from both domestic and global sources, we developed proprietary computing power, an AI model knowledge library, and specific AI models, allowing us to evolve from an algorithm-driven to vertical AI model-driven marketing technology company.

In terms of corporate value enhancement and strategic capital management, the Group is actively seeking new strategic investors.

The Group's continuous R&D investments and business transformation resulted in suboptimal financial performance in the past two years. When coupled with economic cycle fluctuations and capital market sentiment volatility, the share price of the Company remained at a low level. Despite the Group's current valuation being lower than expected, our fundamental business metrics continue to improve. We are also actively pursuing solutions by engaging with strategic investors and business partners, securing new capital and assets, and expanding into new business segments to enhance financial performance and restore market confidence.

In 2024, the Group achieved notable success in several key areas: marketing AI+ algorithm model upgrading, blockchain business, AIGC business, data asset model development, and AI+ vertical industry-specific model R&D.

Drawing on the Group's years of expertise in the advertising industry and digital marketing, we have accumulated massive data resources and deep algorithmic technology experience, establishing a robust foundation for the Group to develop AI vertical models. Significant investments in AI computing power and algorithms have enabled us to upgrade our algorithmic marketing approach from big data-driven to AI-driven, resulting in a marked increase in our overseas e-commerce GMV.

Poly Digi-Entertainment has established partnerships with the Group and JD Technology Group (京東科技集團). Leveraging the Group's AI algorithm marketing model, JD Technology Group's underlying blockchain technology, and Poly's strategic role as a central SOE, we jointly developed a national leading AI blockchain platform. Additionally, "Kong Jian", a digital asset service platform for film and television culture and entertainment contents with our own intellectual property rights, successfully issued multiple Non-Fungible Token (NFT) collections, achieving a GMV exceeding RMB2.4 billion in 2024. Key directions for this business include national digital storage services and basic data services for the inclusion of data assets into financial statements and digital asset valuation for institutions, and for the trading of domestic data assets on overseas compliant virtual data business trading platform.

The Group partnered with Poly Digi-Entertainment to integrate our proprietary AIGC model and the 3D holographic system, creating the first-ever holographic AI virtual human product. This product was showcased at prominent events such as the 2024 China International Fair for Trade in Services and the 2024 Third Global Digital Trade Expo. In film and television production, the Group and Poly Digi-Entertainment leveraged AIGC technology to empower the entire workflow from pre-production to post-production, significantly lowering production costs while boosting efficiency and quality. At the 37th Golden Rooster Awards ceremony, the film *Another Day of Hope* 《又是充滿希望的一天》 produced by the Group received the "Best Small- and Medium-Budget Feature Film" award for its innovative application of AIGC technology. This accolade marked the Group's milestone in the field of AIGC technology.

As an industry pioneer, Poly Digi-Entertainment actively aligned with the development trend of the digital economy and relevant national policies to advance the inclusion of data assets into financial statements and has created a proprietary data asset management system. At the end of 2024, Poly Digi-Entertainment successfully completed its first inclusion of data assets into financial statements as the first central cultural SOE, establishing its core competitive edge in the digital entertainment sector. Building upon the Group's vertical AI model R&D capability, Poly Digi-Entertainment has completed full-chain design for AI models in mental healthcare and participated in R&D for AI model systems and data assets in this field, driving innovation in smart healthcare.

I. Our Business

(I) Domestic culture and entertainment technology business

Under the clear guidance of the national direction for the digital construction of cultural industry and in response to the spirit of national policy, the Company, Poly Culture Group Corporation Limited (保利文化集團股份有限公司) (the “**Poly Culture**” or “**Poly Culture Group**”, a central state-owned culture enterprise) and Poly Film Investment Co., Ltd. (保利影業投資有限公司) (the “**Poly Film**”) have established a mixed-ownership reformed company, namely Poly Digi-Entertainment, to constantly develop new digital business combining film and television culture and entertainment with Internet technology. Our goal is to achieve the deep integration of cultural value and technological innovation through the digital asset service platform of film and television culture and entertainment, and to create a new culture and entertainment industry focusing on high-quality content, driven by technological innovation and combined with multiple scenarios. On the strength of Poly Digi-Entertainment, our culture and entertainment technology business primarily consists of technological innovation AI digital business, culture and entertainment content and derivatives business.

Technological Innovation AI Digital Business

By working together with central SOEs, we jointly explore the creation of digital assets platform and the development of high-quality 1P Traffic (first-party traffic). Poly Digi-Entertainment, the Company and JDT jointly created the “Poly Digi-Entertainment Chain” (保利文娛科技鏈), a central SOE’s own blockchain with culture + industry as the main application scenario, which has been granted a recordation number as a blockchain-based information service provider by the Cyberspace Administration of China. Poly Digi-Entertainment Chain supports the state cryptographic algorithm, has the advantages of flexible deployment and low threshold of use, and can realize extensive functional scenarios such as supply chain traceability, digital storage, business-end and customer-end innovative applications. Based on the leading blockchain underlying technology, Poly Digi-Entertainment may provide all kinds of efficient, flexible and secure blockchain technical products and solutions for various users such as governments and enterprises.

(1) *Co-develop proprietary blockchain with Poly and JDT*

Based on its own blockchain “Poly Digi-Entertainment Chain” technology, Poly Digi-Entertainment has launched “Kong Jian”, a digital asset service platform for film and television culture and entertainment contents. “Kong Jian” is a digital asset service platform for film and television culture and entertainment contents independently operated by Poly Digi-Entertainment with independent intellectual property. As a middle platform operator of the platform, the Company will be fully responsible for the actual operation of the platform, including IP (intellectual property) introduction, customer acquisition, platform promotion and other specific businesses. At present, the major function of “Kong Jian” is to provide digital asset services, including but not limited to customer value-added and consumption probing. Based on copyright protection technology and digital authentication technology, it distributes digital assets in the fields of film and television, culture and entertainment to users in an open, transparent and tamper-resistant form.

In January 2024, Poly Digi-Entertainment and Khorgos Head Collect Digital Technology Co., Ltd. (霍爾果斯首藏數字技術有限公司) (“**Head Collect Digital**”) held a strategic signing ceremony to jointly create a new model in the field of digital copyright collections based on the common development direction and innovation pursuit. Poly Digi-Entertainment relies on the central SOE’s own blockchain “Poly Digi-Entertainment Chain” to provide underlying technical support and innovative solutions for “sport star card”, the digital collection certificates of Head Collect Digital. Currently, “sport star card” digital collections have been launched in “Head Collect” APP. In the future, “Kong Jian” will serve as a multi-scenario and multi-level integrated digital service platform. In addition to digital asset services, it will also expand a series of digital businesses such as virtual human and meta-universe, allowing a wider range of digital asset application scenarios accessible to users.

(2) *First precedent of inclusion of data assets of state-owned cultural central enterprise into financial statements*

As an effort to proactively respond to the development trend of the digital economy and relevant national policies, Poly Digi-Entertainment leveraged the Group’s AI capabilities to advance inclusion of data asset into financial statements and establish a proprietary data asset management system, and significant results have been achieved. As of the end of 2024, Poly Digi-Entertainment successfully completed its first inclusion of data assets into financial statements, marking the first such case by a state-owned cultural central enterprise. This strengthens its core competitive advantages in the digital entertainment sector and further promotes the growth of data asset-related businesses. The Group will leverage its strategic position as a Hong Kong-listed company to collaborate with Poly Digi-Entertainment to lay a robust foundation for the development of our digital assets in international virtual digital product trading markets such as Hong Kong.

The capitalization and inclusion in the financial statements of these data resources encompasses operational analytics, AI intelligence, and image creation, involving business domains such as blockchain, AI, and digital IP. The capitalization successfully passed evaluations by authoritative institutions for data compliance, data quality, and data asset valuation, along with a dedicated audit. Additionally, the property rights registration was completed at the Shenzhen Cultural Assets and Equity Exchange.

(3) *Cultural entertainment AI vertical model*

Based on the data algorithm capability of the Company and relying on the high-quality digital original contents and IP resources of Poly Culture Group, the presentation, distribution and production of cultural and entertainment products of the culture and entertainment technology business will take full advantage of open-source AI platforms to strengthen the exploration and development of AIGC application and continue to promote the use of AIGC to develop innovative businesses, including but not limited to virtual human, virtual voice service, graphic output, short video AIGC, AIGC script generation, and the exploration and development of pre-production static and dynamic storyboards and post-production special effects.

The Company and Poly Digi-Entertainment jointly developed holographic display system, which enables the integrated application of AIGC and holographic display, and, in combination with self-developed digital humans, realizes the immediate interaction with users, thus having vast application and development potential in vertical fields such as digital window display, clothing industry, digitization, performance live broadcasting, museum, and exhibition industry. From April 30 to May 14, 2024, Poly Digi-Entertainment's holographic display system appeared in the postgraduate exhibition of the School of Art Management & Education, Central Academy of Fine Arts to provide whole-process digital human guide service for the exhibition. Additionally, the holographic display system and AIGC digital humans were showcased at prominent events such as the 2024 China International Fair for Trade in Services and the 2024 Third Global Digital Trade Expo.

During the film and television production cycle in 2024, the Group and Poly Digi-Entertainment leveraged AIGC technology to holistically empower the entire workflow—from pre-production ideation to post-production refinement. This integration significantly reduced production costs while enhancing efficiency and quality. The technological breakthrough has laid a robust foundation for expanding the Group's and Poly Digi-Entertainment's footprint in the short-to-medium series market. Notably, the Group has now extended AIGC applications from short-form series to field of films, and has made remarkable progress.

At the 37th Golden Rooster Awards ceremony, the film “Another Day of Hope” (《又是充滿希望的一天》), which was produced by the Group, received the “Best Low to Medium-Budget Feature Film” award for its application of AIGC technology. This achievement marks a significant milestone in the Group’s advancements in AIGC innovation and pioneers new pathways for technological transformation in future film and television production.

(4) *Development of AI+ industry-vertical model*

In terms of AI-powered mental healthcare vertical model, leveraging the Group’s AI vertical R&D capabilities, Poly Digi-Entertainment has completed full-chain design and development of AI-powered large model system for mental healthcare and its data assets. This empowers medical institutions to realize precise AI-assisted diagnostics, utilizes AI algorithms to support clinicians in delivering professional treatment plans, and establishes efficient depression screening mechanisms. Additionally, it streamlines the organization of databases of hospitals and creates data-driven AI model products, driving innovation in smart healthcare solutions.

(5) *Digital marketing business*

(a) Online marketing

Based on Poly Culture’s rich experience in government and SOEs and central SOEs and the Company’s leading new media digital marketing capabilities, our culture and entertainment technology business will leverage the strengths of both parties to provide online new media operation, E-commerce assistance, city image promotion and other marketing services for governments, SOEs and central SOEs and private enterprises, aiming to combine traditional publicity contents with digital marketing to improve publicity penetration and broaden social influence.

Currently, we have expanded our customer portfolio to central SOEs such as China State Construction and Poly Group. For example, we undertook the planning and filming of the brand story of China Poly Group, interviewed and filmed the aiding-Ninglang project of Nokia Shanghai Bell of Poly Huaxin. We also produced documentaries on entrepreneurs in Zhaotong, Yunnan, and promotional videos for Poly International. We reached a long-term cooperation with South China Investment Company of China Construction Eighth Engineering Division for the planning of brand projects, shooting of brand films and introduction of cultural and artistic resources.

(b) Offline marketing

Poly Digi-Entertainment reached a cooperation agreement with Minsheng Bank to jointly create co-branded credit cards in the cultural sector. This collaboration aimed to lead industry innovation through a “finance + culture” cross-sector synergy model, stimulating new trends in cultural consumption and supporting the digital transformation of the cultural industry. As an effort to fortify the connectivity and interactivity among business segments across the system such as Poly Culture and Poly Property, we hosted Poly Development’s “Jade Seeing the Gentleman – Qing Court Jade Exhibition” (玉見君子—清代宮廷玉器展) in Chengdu, Sichuan Province, which combined the exquisite courts jades from Poly Art Museum with the brand promotion of property projects to promote the integration of property business with culture and art.

Cultural And Entertainment Content And Derivatives Business

With China’s development goal of building a cultural powerhouse by 2035 and the joint establishment of a RMB50 billion cultural industry fund by the Ministry of Finance and the Publicity Department of China to increase policy support for the investment in the cultural industry, we believe that the film and television cultural industry is in a golden period of rapid development.

(1) *Short-drama business*

As one of the first companies to deploy short video platform business, the Company has been developing in the short video sector for many years. By virtue of its advantage in the forward-looking deployment in short play sector, the Company has completed the shooting work of a number of short plays involving a variety of types, and has accumulated a wealth of experience. As a professional cultural industry group among China’s central enterprises, Poly Culture owns a strong reserve of IP resources, film, television and performing talent resources and diverse content production experience. Capitalizing Poly Culture’s resource advantages and the Company’s many years of experience in short-video production, the Company collaborated with the Youku platform on the horizontal short drama “Reignite” (《重燃》). Related topics for this drama garnered over 700 million views on new media platforms. The Group plans to launch our own short-drama platform – “Red Fox”, dedicated to providing users with exciting, high-quality short-video content and high-quality experience under the principle of equal focus on originality, story and emotion to strive to touch the hearts of audiences with each piece of work.

(2) *Film and television presentation*

Through Poly Film’s full industry chain layout in the film industry, Poly Digi-Entertainment focuses on the diversified development of film and television business and digital business, and actively explores the presentation, distribution and production of film and television works. Our culture and entertainment technology business will take advantage of the mechanism to participate in the presentation and distribution of film and television works, create and enrich the Company’s own IP, and form 1P Traffic cluster of the Company by culture empowering the industry. In 2024, the culture and entertainment technology business segment has presented and produced films such as “You are by my side” (《你就在我身邊》), “Lion Dance Sisters” (《高樁獅妹》), “Operation Macau” (《澳門行動》), “Space Knight” (《太空騎士》), and “Another Day of Hope” (《又是充滿希望的一天》).

In April 2024, Poly Film and Poly Digi-Entertainment attended the opening ceremony of the 14th Beijing International Film Festival with four key films, namely “Lion Dance Sisters” (《高樁獅妹》), “Operation Macau” (《澳門行動》), “You are by my side” (《你就在我身邊》), and “Another Day of Hope” (《又是充滿希望的一天》).

The lion head, an intangible cultural heritage, and cultural and creative products of “Lion Dance Sisters” (《高樁獅妹》), a film first presented and mainly produced by Poly Digi-Entertainment, appeared on the exhibition site and was reported by CCTV’s “Xinwen Lianbo” (《新聞聯播》), “LIVE NEWS” (《新聞直播間》) and other programs.

In November 2024, the film “Another Day of Hope” (《又是充滿希望的一天》) won the Best Low to Medium Budget Feature Film Award at the 37th China Golden Rooster Awards.

(3) *Film, television and game interactive entertainment*

In 2024, we completed the production of a key short drama jointly with a famous video platform in China. We also joined hands with a famous game IP in China and planned to develop its short drama works. In May 2024, we entered into a strategic cooperation agreement with Hainan Publishing and Distribution Group to focus on the development of short drama business by leveraging the superior resources of both parties. In view of the rising tide of short dramas, we have continued to optimise and improve our business in terms of content, production and distribution in order to seize the new opportunities in the development of short dramas.

(4) *Film, television and culture and tourism derivatives development*

We make full advantage of Poly Culture's film and television strengths and film and tourism interconnections to develop film-empowered offline culture and tourism, which integrates high-quality IPs in films and television shows, and top-notch content productivity with the culture of cities all over China, and creates a variety of integrated businesses, such as film-themed interactive entertainment, culture and tourism performances and activities, theme restaurants, incubation of cultural IP derivatives, and celebrity inns, to support the publicity and development of the relevant cities.

Meanwhile, the Company has reached preliminary cooperation with governments in many places in respect of scenic area upgrading and construction planning and consulting, including the entering into of a contract for the preliminary planning of Wuxi Yangxi Cultural City, which is currently in operation. Additionally, Poly Digi-Entertainment won the bid for the operation of the Zanhuang Space Capsule Homestay project and entered into deep collaboration with Zanhuang County to jointly promote the upgrade and diversified development of the cultural tourism industry.

(5) *MCN (Multi-Channel Network) business*

Taking advantage of the unique background of Poly Digi-Entertainment, we have established the first national leading central state-owned enterprise MCN's national team, and have successfully contracted with talents, such as Wu Dajing, the renowned ice and snow athlete and short track speed skating champion, who conform to the ideology prevailing in the country and make contributions to the society. Based on the in-depth research on the interest-based algorithm recommendation mechanism of short video platform, the Company creates novel content suitable for its talents to form exclusive character tags, and then forms content matrix through linkage among multiple accounts, thus gradually expanding its influence and building the core competitiveness of MCN organization. The interdependent model has been realized that the MCN organization provides a traffic pool for its talents and the talents help the MCN organization realize commercialization, thus attracting and recruiting more influencers who conform to the general direction of the national ideology to promote the sustainable development of the MCN business of the Group.

(6) *Artist agency*

Leveraging the extensive experience of Poly Culture in the film and television industry for more than 20 years and the experience of the Company in film and television production for many years, as well as the diversified resources of both parties, we provide better development plans for our artists and engage in multi-dimensional and all-round project cooperation, thus accumulating a wealth of film, television, variety shows, media, platforms and a large number of brand customer resources, so as to provide our artists with more and better career planning and development platform. We have successfully contracted with Alice Ko, the famous Taiwanese female artist and two-time “Golden Bell Award” winner, in January 2024.

The Company selects suitable contracted artists for our clients based on their market positioning, image, interests and past and current endorsements and arrange commercial activities and entertainment content activities for the contracted artists and artist groups through our commercial agents and executive agents. At the same time, the Company also arranges for our contracted artists to participate in various promotion activities of corporate clients, including social media promotions, live E-commerce and offline business promotions, including but not limited to offline commercial events such as Hermès Spring-Summer 2024 runway show and LIFEIDEA’s 20th anniversary show, film and television projects such as “OUR HOMELAND (《我們的河山》)”, “Submerged Deep”(《潛淵》), “SHADOW” (《天馬流星》), “Life Crisis” (《生死危機》), “Sniper Butterfly” (《狙擊蝴蝶》)“Crime Crackdown” (《打黑》), “The Flunky” (《鷹犬》), “The Ingenious One II” (《雲襄傳之將進酒》) variety shows such as “CCTV Spring Festival Gala” and “Run for Time” (《全員加速中》), “Funny Team” (《萌探2024》), “The fifth season of Youth Travel” (《青春環遊記5》), “Young Island”(《島嶼少年》), “Have Fun”(《嗨放派》), “Tasty life”(《美食告白記》), “12 Hours in the Capital”(《京城十二時辰》), “100 destinations to go”(《此生要去的100個地方》), and “Dual Lanes in Macau” (《澳門雙行線》), as well as online live events such as the “Asian Cup Trip to Qatar” (卡塔爾亞洲盃之行) and “Euro 2024 Commentary Line-up” (歐洲杯盃解說嘉賓). We participated in media shoots and activities, including magazine cover shoots for Business Weekly (《商業周刊》), Phoenix Life (《鳳凰生活》), and Health (《健康》); participated in commercial shoots, including Zeekr car advertisement, and Land Rover car advertisement. We also participated in live streaming events, including commentary for MiGu UEFA European Championship, “Champions Are Here”(冠軍來了), which is a Olympic special program initiated by People’s Daily, and Indonesia Masters 2024.

(II) Domestic interest-based algorithm marketing business

Relying on the leading interest-based recommendation algorithmic technology, we carry out professional and efficient algorithm-based marketing business in China on mobile internet social platforms and short video platforms. We provide our customers with leading algorithm-based marketing solutions in China, which solves the problem of matching efficiency between products and media through technology and algorithm, precisely matching products and media resources, thereby helping our customers boost sales, downloads and activity. We conduct short video platform E-commerce marketing business on Douyin platform, and conduct digital distribution of online products business on WeChat official accounts platform and Douyin platform. After years of iterative development, the domestic algorithm-based marketing business is currently in a mature stage of development.

“Customized content and products” is a summary of the algorithm-based marketing business of the Company. In short, based on the new media platforms, we not only follow the principle of personalized content recommendation, but further deepen to the level of personalized product recommendation. By building our private data analysis system, the Company analyzes products, content and users and establishes modeling for them, forms data labels, and uses recommendation algorithms and middle platform technology to accurately recommend products to consumers on new media platforms and bills customers based on transformation effectiveness. In 2024, for the short video platform E-commerce marketing business, we helped customers sell goods in an aggregate amount of HK\$22.04 million on Douyin platform; and for the digital distribution of online products business, we helped customers achieve effective paid actions of 24.24 million times in 2024, including top-up, download, installation, etc..

In the second half of 2024, in view of the rise of AI technology, the Company demonstrated keen industry insight by actively embracing change. It decisively stepped out of its comfort zone of traditional technological advantages and fully committed to the domain of AI-based application-level product services. Leveraging its deep technical expertise and mature data models, the company strategically laid out plans to build a unique AI application service system, driving the transformation and continuous growth of its business.

In 2024, the Company focused on three core areas:

Deepening platform cooperation to stabilize business foundations: the Company continuously optimized strategic partnerships with major platforms. Through comprehensive and in-depth collaboration, the Company ensured stable operations while leveraging the platforms' forward-looking perspectives to accurately grasp market dynamics, providing more targeted and exceptional services to clients.

Innovating proxy recharge services to optimize cash flow management: to enhance capital operation efficiency, the Company innovatively launched proxy recharge services. This model not only expedited the recovery of funds from clients but also boosted client activity and loyalty through advanced algorithmic recommendations, further solidifying the Company's market competitiveness.

Increasing investment in AI R&D to increase pipeline core technological capabilities: the Company consistently increased its investment in research and development of AI technology. By establishing specialized AI laboratories, it steadily accumulated technical strength, gradually building a comprehensive AI technology reserve system, laying a solid foundation for future business growth.

Looking ahead to 2025, the Company has set clear strategic goals as follows: to complete the comprehensive construction of its AI application service system and achieve profitability. By offering a series of innovative AI-based productized services, the Company aims to further enhance customer experience, expand its market presence, and drive its business towards high-quality development.

58.6% of our employees are technical, R&D and operation personnel. We have developed 192 sets of data models for different products and media, and 2,855 data labels were applied to the algorithm models. This reflects the technology gene of the Company, which are also our valuable assets.

Our revenue and cost model:

According to different business types, the Group's revenue can be mainly categorized into "cost per sale (i.e. CPS)", "cost per action (i.e. CPA)", and "revenue from sales of goods", as shown in the table below:

Business type	Main implementation platforms	Main revenue model
Algorithm-based Marketing		
• Short video platform E-commerce marketing	Douyin	CPS
• Interactive entertainment and digital products marketing	WeChat and Douyin	CPS or CPA
Overseas sales of E-commerce goods	A famous overseas short video platform and Joy Spreader's standalone E-commerce website	Revenue from sales of goods

- Profit model:

The Group earns revenues from service fees, such as cost per sales, downloads and the improvement of activity, as well as platform top-up agency. Major costs are the costs of acquisition of traffic.

- Main services:

Interactive entertainment product distribution over mobile internet, selling goods through E-commerce, APP downloads, marketing activity, etc.

- Main service area: Mainland China

- Main marketing channels: Well-known internet social networking platforms and short video platforms in mainland China

(III) Overseas consumer electronic products vertical E-commerce platform business

After four years of development since Joy Spreader Group commenced its international business overseas in 2021, Joy Spreader International (HK) Limited (“**Joy Spreader International**”) has made remarkable achievements in the consumer electronic products field in Southeast Asia by successful deployment and establishment of overseas distribution network, covering more than 400 distributors and over 1,000 terminal sales channels. As of the end of 2024, the cumulative GMV exceeded US\$2.3 billion, reflecting its strong competitiveness in the regional market.

Relying on Joy Spreader Group’s technical background, Joy Spreader International has seized the dual opportunities of consumption upgrading in the consumer electronic products market in Southeast Asia and commercialization of overseas short video platforms, innovatively integrated the advanced algorithm-based marketing model into the local market, and accurately grasped the huge traffic of short video platforms in Southeast Asia through our own E-commerce platform, MARTOP, so as to provide personalized marketing services for local distributors. Meanwhile, Joy Spreader International has established a sound overseas supply chain system and offline payment solutions to ensure the smooth process from order to delivery, and the successful practice of the standalone website model has further consolidated its market position.

In view of the stable trend of the consumer electronic products market in Southeast Asia, Joy Spreader International has decisively adjusted its overseas E-commerce business strategy at the end of 2023 based on the extensive experience accumulated in the past three years, and adopted an asset-light transformation strategy. The Company suspended the purchase of new inventory and the sale of consumer electronic products under the traditional trade mode after completing the disposal of the existing inventory in 2024, and shifted the focus to its own E-commerce platform, MARTOP, as the core transaction negotiation platform, and optimized and upgraded its transaction mode by providing transaction clues and continuing to use overseas short video platforms for accurate drainage. This transformation aims to reduce financial pressure, improve operating cash flow and lay a solid foundation for the long-term and sustainable development of Joy Spreader International.

At the same time, Joy Spreader International actively explored new supplier resources to significantly expand the platform SKU, with an aim to enrich the product supply chain and provide distributors with a more diversified selection of commodities, thereby consolidating and expanding its market share in Southeast Asia. With continuous optimization of the transaction process and improved accuracy of traffic acquisition, the participation of distributors has been significantly enhanced, and the positive feedback in the market has fully proved the effectiveness and market potential of the transformation strategy. These initiatives not only stabilized the volatile market environment, but also opened up new growth space for Joy Spreader International in Southeast Asia and the broader international market.

- Main products for marketing: 3C electronic consumer products
- Main service targets: Distributors (small and medium business customers) and customers of electronic consumer products
- Main service area: Member countries of the Association of Southeast Asian Nations (ASEAN)
- Main marketing channels: A famous overseas short video platform

II. The Industry Where We Operate

1. Concept of AIGC

In terms of the presentation and production of cultural and entertainment products of culture and entertainment technology business, we will comprehensively use open-source AI platform to conduct in-depth exploration and development of AIGC application layers. For the vertical scenario application market, we have heavily invested in AIGC business layout, continuously promoted the integration of AIGC and holographic display applications, independently developed virtual digital humans, and achieved innovative research and development in areas such as virtual voice services, graphic output, short video AIGC, AI video script for film and television works, and AIGC post production.

2. Concept of Web3.0

Relying on the Web3.0 business of Poly Digi-Entertainment, the Group actively launches the middle platform operation, IP incubation, distribution and other business of “Kong Jian (空兼)” which is a digital asset service platform for film and television culture and entertainment contents. Web3.0 is committed to creating a user-led and decentralized network ecosystem based on blockchain technology. Web3.0 ecosystem is formed in the process of user interaction and value circulation and its core value factor is digital assets. Employing copyright protection technology and digital authentication technology, we distribute digital assets in the fields of film and television, culture and entertainment to users in an open, transparent and tamper-resistant form.

3. Film and television entertainment segment

Culture and entertainment technology business relied on Poly Digi-Entertainment to launch the production business of film and television entertainment products, IP incubation of artists and internet celebrities and brokerage business.

Film and television cultural and entertainment contents can attract a large amount of user traffic on mobile internet platforms, and there is great potential for promotion and distribution, commercialization of contents, film and game linkage, as well as other businesses based on film and television cultural and entertainment content.

4. Concept of short video

The main channels of E-commerce marketing business in algorithm-based marketing business and E-commerce marketing business in overseas sales of E-commerce goods business are focused on domestic and oversea famous short video platforms.

Currently, short video has become the dominant form of information dissemination and short video platforms are the new hot-spot of mobile internet traffic. The online time spent by mobile internet users watching short video continuously increases to generate more marketing opportunities and assist the establishment of matured value chain for the commercialization of the Company’s short video.

5. Short play concept segment

As the short play sector is facing unprecedented development opportunities, the Group has completed the shooting work for a number of short dramas involving a variety of types with the advantages of forward-looking layout in the field of short plays, and accumulated extensive experience, marking the solid first step in the field of short plays.

6. Internet marketing segment

The core service of the algorithm-based marketing business is to help customers conduct sales and marketing services on mobile internet platform through recommendation algorithms technology, which represents the income source of algorithm-based marketing business.

We are one of the first enterprises in China to explore in internet interest-based algorithms marketing. Based on the interest-based content recommendation algorithm, internet marketing carries out online marketing by focusing on the large and scattered medium and long tail traffic. The way of delivering content according to the real-time needs and interests of the users has greatly improved the use efficiency and satisfaction of the users, thus promoting the rapid growth of the user scale of and online time spend on new media applications, which are widely recognized by users.

7. Big data segment

The interest-based content recommendation algorithm technology of algorithm-based marketing business is based on sufficient accumulation, selecting and iteration of the huge marketing data and content data of the mobile internet, and automatically generates marketing strategy by leveraging self-developed recommendation algorithms model, thus serving the target customers. We are one of the first technology companies in China to use big data in the field of mobile internet marketing.

The digital economy with big data as its core continues to receive the support and attention of policy, and building a digital China is an important engine for advancing Chinese modernization in the digital era and a powerful support for building new advantages in national competition.

8. Overseas E-commerce of electronic products segment

Overseas E-commerce business adopted an asset-light business model to provide accurate marketing services on overseas short video platforms based on interest-based algorithm technology. The Group has established its own E-commerce platform, MARTOP, as the core transaction negotiation platform to accurately attract traffic by providing transaction leads and continuously utilizing overseas short video platforms, thus achieving the optimization and upgrading of trading mode.

III. Our Strengths

(I) Clear industry prospects and vast market space

The digital economy-related industry the Group deeply involves in has shown clear industry prospects and vast market space. Against the backgrounds that the Chinese government unswervingly implements the digital economy strategy and that governments at various levels successively launch encouragement and support policies, the domestic and overseas E-commerce, interactive entertainment, digital assets and other industries begin to flourish in an increasingly regulated market environment and have demonstrated long-term and stable growth potential. In particular, Southeast Asia has become one of the fastest growing E-commerce regions in the world, and the favorable macro environment and various positive market factors have provided opportunities for technology companies with data algorithm capabilities to go abroad.

In response to the current development stage and future trends of both domestic and overseas market, we notice that:

(a) Artificial intelligence technology is experiencing rapid development

The production method for automatic content generation using AI technology has been able to learn and understand human language and engage in dialogue with humans, providing new opportunities for film and television culture and entertainment and other business areas. This round of digital upgrading of culture industry is a new production method using AI technology to automatically generate content following UGC (user generated content) and PGC (professional generated content), from which we will have an opportunity to gain a competitive edge.

(b) The culture and entertainment industry is undergoing digital transformation and upgrades

Under the macro background that the government actively promoted to develop the digital economy, Poly Digi-Entertainment, the Company and JDT jointly created the “Poly Digi-Entertainment Chain”, a central SOE’s own blockchain with culture + industry as the main application scenario, which has been granted a recordation number as blockchain-based information service providers by the Cyberspace Administration of China. As a central SOE’s own blockchain, the “Poly Digi-Entertainment Chain” has broad prospects in such business segments as the issuance and evidence preservation of digital assets. Poly Digi-Entertainment has launched a digital asset service platform for film and television culture and entertainment contents, “Kong Jian”, which boasts its own intellectual property rights as well as complete and independent operation, marking that Poly, a central state-owned culture enterprise, has officially entered the Web3.0 meta-universe era. This is not only a major strategic layout of Poly Digi-Entertainment in the field of cutting-edge technologies such as digital assets, virtual human, meta-universe, but also a concrete embodiment that it has the courage to explore and practice in active response to the national digital economy strategy. This platform will enable Poly Digi-Entertainment to deeply explore the potential of digital technology, continue to enrich the expression forms of cultural and entertainment content, expand the digital dissemination channels of IP, and enhance its digital radiation ability. This will not only help promote the in-depth digital transformation and upgrades of the culture and entertainment industry, but also promote the in-depth integration and innovative development of the upstream and downstream of the industry chain, jointly creating a new chapter of the culture and entertainment industry.

(c) *China's short video platform E-commerce market is flourishing*

Major short video platforms are striving to improve content quality, infrastructure and commercialization functions, intensify investment in private domain business functions and increase support for private domain traffic to facilitate the development of commercial ecosystems for the respective platform.

(d) *Adoption of a technology-orientated asset-light service model*

Southeast Asia has a significant population density and a large proportion of young people. Its GDP growth is higher than the average level of the world. The young consumers group greatly drives shopping demand. Meanwhile, the internet penetration there is also higher than the global average. In addition, various favorable conditions, such as the cultural characteristics of Southeast Asia similar to China and the formal implementation of the Regional Comprehensive Economic Partnership (RCEP) Agreement《區域全面經濟夥伴關係協定》, give Chinese products a particularly obvious advantage in expanding to Southeast Asia. During the period when 4G and 5G are becoming more and more popular in Southeast Asia and consumption upgrades results from the GDP growth in Southeast Asia, the consumer electronics produced in China have very notable advantages in terms of production capacity and quality.

Leveraging the extensive experience accumulated in the past three years and considering the stabilizing situation of 3C mobile phone market in Southeast Asia, we decided to adjust our overseas E-commerce business strategy and adopt a technology-oriented asset-light service model as a new transformation approach. The asset-light business model focuses on interest-based algorithm technology service, leverages our professional technical team to give full play to our advantages in interest-based algorithm technology and experience advantages of our overseas cross-border E-commerce platforms, and provides customers with accurate traffic promotion services through overseas short video platforms.

The purpose of this transformation is to ease capital pressure, improve operating cash flow and lay a solid foundation for the long-term sustainable development of Joy Spreader International.

(II) Leveraging on the advantages of mixed ownership reform of a central SOE

The collaboration between the Company and the company established under the mixed-ownership reform of a central state-owned culture enterprise enables the Company to enter the cutting-edge and high-potential business areas like Web3.0, blockchain, and culture and entertainment content production under the guidance and management of the central SOE. This mode of collaboration not only greatly broadens the customer base and business scope of the Company, but also lays a solid foundation for the long-term development of the Company. As a professional central SOE engaged in the culture industry, our partner not only possesses professional PGC production capabilities, but also has unique advantages in terms of industrial resource integration, and risk control and compliance. In the future, we will leverage the PGC content and stars conform to domestic policies, as well as MCN network content and celebrities under the cooperation framework to cultivate our IP Traffic and fans and facilitate our new business expansion.

(III) First-mover advantages of data and model algorithm

As a technology-driven company with data and algorithms as its core competencies, the Group started to conduct the R&D of data and model algorithm on the WeChat official accounts platform early in 2013 and did the same on Douyin platform since 2018, and in the fourth quarter of 2021, the Group firstly applied interest-based content recommendation model to a famous overseas short video platform and realized sales revenue from standalone E-commerce website. In the second half of 2023, the Group resolutely adjusted its overseas E-commerce business strategy and adopted an asset-light operation model. In 2024, the Group focused on MARTOP, a self-built E-commerce platform, as the core trading negotiation platform to optimize and upgrade the trading mode by providing trading leads and continuously and accurately obtaining traffic on overseas short video platforms. Our first-mover advantages are not only reflected in the industry-leading data scale and data time dimension spanning many years, but also in the decisive role of these data in the process of model construction and optimization. Richly-structured, large-scale, time-spanning and real-time interactive data resources not only provide us with a solid foundation for testing, building and improving algorithm models, but also provide accurate data support for us to continuously optimize our business model and build more flexible and efficient operating strategies. It is based on such data advantages that we can ensure continuous optimization of marketing performance and continuous improvement of service levels, thus building a strong competitive barrier in the highly competitive market.

MANAGEMENT DISCUSSION AND ANALYSIS

- **Overview of Results for the Year**
 - ***Culture and Entertainment Technology Business***

Under the clear guidance of the national direction for the digital construction of cultural industry, the Group successfully created a new culture and entertainment industry focusing on high-quality content, driven by technological innovation and combined with multiple scenarios in 2024. Based on the data algorithm capability of the Company and relying on the high-quality digital original contents and IP resources of Poly Culture Group, the presentation, distribution and production of cultural and entertainment products of the culture and entertainment technology business will take full advantage of open-source AI platforms to strengthen the exploration and development of AIGC application and continue to promote the use of AIGC to develop innovative businesses.

Poly Digi-Entertainment has launched a digital asset service platform for film and television culture and entertainment contents, “Kong Jian”, with its own intellectual property rights as well as complete and independent operation, marking that Poly, a central state-owned culture enterprise, has officially entered the Web3.0 meta-universe era. This is not only a major strategic layout of Poly Digi-Entertainment in the field of cutting-edge technologies such as digital assets, virtual human, meta-universe, but also a concrete embodiment that it has the courage to explore and practice in active response to the national digital economy strategy. Poly Digi-Entertainment will continue to promote the in-depth digital transformation and upgrades of the culture and entertainment industry, facilitate the in-depth integration and innovative development of the upstream and downstream of the industry chain, and jointly create a new chapter of the culture and entertainment industry.

- ***Overseas E-commerce Business***

In 2024, the Group recorded revenue of HK\$32.80 million from overseas sales of E-commerce goods business, representing a decrease of 99.29% as compared with HK\$4,587.90 million in 2023. The decrease in revenue from such business was mainly attributable to the strategy adjustment of the Group's overseas E-commerce business at the end of 2023, which transformed the asset-heavy business model of purchasing inventory goods for overseas sales in the past to the asset-light business model of providing accurate marketing services on overseas short video platforms based on interest-based algorithm, and focused on MARTOP, a self-owned E-commerce platform, as the core transaction negotiation platform to accurately attract traffic by providing transaction lead and continuously utilizing overseas short video platforms. We conducted continuous testing on our new matchmaking model in 2024 and did not charge commissions and service fees on suppliers and distributors, resulting in a significant decrease in revenue during the period.

In 2024, the GMV of overseas E-commerce transactions completed under assistance of the Group on its own E-commerce platform, MARTOP, reached US\$1,363 million, representing a significant increase of 132.59% as compared to the GMV of overseas E-commerce transaction of US\$586 million realized in the same period last year. The Group will focus on asset-light business mode, provide customers with accurate traffic promotion through overseas short video platforms, and build a long-term and sustainable moat.

- ***Algorithm-Based Marketing Business***

- ***Interactive Entertainment and Digital Product Marketing***

In 2024, the Group recorded revenue of HK\$56.93 million from interactive entertainment and digital product performance-based marketing services, representing a decrease of 69.48% as compared with HK\$186.56 million of the same period last year, which was due to the tightened regulatory approval of game licenses and paid literature in China, which led to restrictions on such business, therefore the revenue from this business decreased as compared to the same period last year.

- ***Short Video Platform E-Commerce Marketing***

In 2024, the Group achieved GMV of domestic short video platform E-commerce marketing of HK\$22.04 million, representing a decrease of 95.91% as compared with HK\$539.09 million in 2023; in particular, revenue from domestic E-commerce products marketing of HK\$20.88 million was recorded in 2024, representing a decrease of 93.19% as compared with HK\$306.66 million in 2023, which was mainly attributable to the continuous reduction in customer demand and budget due to current relatively sluggish marketing environment of the overall industry in China, resulting in a decrease in the revenue of the business as compared to the same period last year.

- ***Progress on R&D***

With the contraction of the domestic business and the strategic restructuring of the overseas E-commerce business, the research and development results of MARTOP, an E-commerce platform established by the Group, have temporarily met the development needs of the overseas E-commerce business and the current research and development investment mainly focuses on team building and the accumulation and reserve of technology.

For the modelling of the overseas short video platform, the Group collates information such as product-related characteristics, promotion area, timing and budget based on its promotion requirements, and conducts in-depth analysis on target group in various aspects, including gender, age, geographic location and interests, before identifying the common characteristics and differences of the target group and, based on the tagging system generated according to the characteristics of such group and product, conducting hotspot analysis as to which tags are associated with hotspot, such as popular trends and seasonality, with reference to product characteristics tag and target group tag. Based on the results of the said analysis, secondary modelling is performed to optimize the positioning of target group and timing of promotion and generate a promotion plan as well. The Group identifies the core advantages and selling points of a product and analyses the matching degree between the product characteristics and the needs of the target group. A placement strategy will be generated according to the analysis results.

The investment in research and development mainly focuses on regional expansion, product diversification and optimizing traffic promotion for the overseas short video platform.

- **Business Development for 2025**

- a. Deepening cooperation with Central SOEs explore new business fields in China***

Guided by the national policy on the digitalization of the cultural industry, the Group aligned its domestic business with central SOEs, establishing a mixed-ownership reform company, Poly Digi-Entertainment, with central SOEs. Leveraging this mixed-ownership reform platform, the Group maximized the central SOEs' strategic position to fully integrate domestic algorithm-based marketing technology and digitalization capabilities fully with Poly Culture's competitive businesses, commercializing several achievements within two years. Notably, commercial success was produced across AI + entertainment, AIGC, and blockchain sectors.

We will carry forward steadily the implementation of business with central enterprises as strategic partners, and committed to building high-quality self-owned content and traffic system through multiple channels to enhance the Group’s customer service capabilities and profitability. At present, we have launched a number of cooperative projects in the incubation of film and television entertainment contents, online publicity, digital asset business, digitalization of E-commerce product of state-owned and central enterprise, clarified the investment and production of national key film and television projects, creating the first MCN of central enterprises and other cooperative direction.

Poly Digi-Entertainment, a company co-founded by us with Poly Culture Group, a central state-owned culture enterprise, has jointly developed the digital asset business with JD.com, completed the launch of “Kong Jian”, a digital asset service platform for film and television culture and entertainment contents and realized commercial operation. We also will continue to enhance the construction of Web3.0 infrastructure and develop customers as state-owned and central enterprises by digital capabilities.

We will also increase the investment in AIGC application end research and be committed to applying AIGC technology in practical production. Through constant testing and optimization, we strive to reduce the production cost of digital content, while enhancing the quality and variety of content, which will not only bring us remarkable economic benefits, but also boost innovation and development across the industry.

b. Expand E-commerce Business in Overseas Market

The E-commerce business based on the interest-attracted traffic of an overseas famous short video platform is one of the strategic priorities of the Group. In 2025 and beyond, we will continue to pay attention to the characteristics of overseas sales of E-commerce goods and the market environment, while taking our own E-commerce platform, MARTOP, as the core trading and consultation platform, so as to achieve optimization and improvement of our trading model by providing trade leads as well as constantly and accurately attracting traffic through overseas famous short video platform. The overseas sales of E-commerce goods business of the Group has been launched in many countries in Southeast Asia. We are now focusing on the vertical sectors of E-consumer, intensifying our development in Southeast Asia market and building a complete overseas supply chain and online and offline payment system, striving to proactively explore further source of suppliers, expand the SKU of the platform and help outstanding domestic products to be sold overseas. With constantly improved transaction process and higher accuracy of traffic acquisition, the suppliers show significantly boosted participation enthusiasm. Such positive feedback from the market amply demonstrates the effectiveness of our transformation strategy and the market potential. Through these efforts, we have not only stabilized the ever-changing market environment, but also exploited further growth potential in Southeast Asia and the broader international market for Joy Spreader International.

- **Discussion and Analysis of Financial Statement**

Revenue

The following table sets forth a breakdown of our revenue by product type for the periods indicated:

	For the years ended December 31,			
	2024	Percentage	2023	Percentage
	<i>(HK\$ million, except for percentages)</i>			
Marketing revenue from interactive entertainment and digital products	56.93	50.24%	186.56	3.67%
Marketing revenue from domestic E-commerce products	20.88	18.43%	306.66	6.03%
Sales revenue from overseas E-commerce goods	32.80	28.95%	4,587.90	90.24%
Revenue from other products	2.70	2.38%	2.87	0.06%
Total revenue	<u>113.31</u>	<u>100.00%</u>	<u>5,083.99</u>	<u>100.00%</u>

The revenue of the Group decreased by 97.77% from HK\$5,083.99 million in 2023 to HK\$113.31 million in 2024. The decrease was mainly attributable to the fact that by the end of 2023, the Group strategically reoriented its overseas e-commerce operations by shifting from the previous asset-intensive business model, which involved purchasing inventory for trading and subsequent overseas sales, to an asset-light model focusing on delivering precise marketing services via interest-based algorithms on overseas short-video platforms. This new approach centers around MARTOP, our own e-commerce platform, serving as the core transaction negotiation platform. We aim to facilitate transactions by providing sales leads and continuously leveraging precise traffic diversion on overseas short-video platforms. We are still in the process of testing this new match-making transaction model in 2024 and did not charge suppliers and distributors any commissions or service fees, which explains the significant decrease in revenue for the year.

Cost of Revenue

The cost of revenue of the Group was mainly comprised of purchase cost of traffic on project placement platform and purchase cost of goods. The cost of revenue decreased by 97.57% from HK\$4,624.42 million in 2023 to HK\$112.26 million in 2024, which was primarily attributable to the suspension of purchase of goods due to the strategy adjustment of the Group's overseas E-commerce business in 2024, resulting in a significant decrease in the cost of revenue.

Gross Profit and Gross Profit Margin

The following table sets forth a breakdown of our gross profit by product type for the periods indicated:

	For the years ended	
	December 31,	
	2024	2023
	<i>(HK\$ million)</i>	
Marketing gross profit from interactive entertainment and digital products	12.38	43.75
Marketing gross profit from domestic E-commerce products	3.76	132.03
Gross profit from overseas sales of E-commerce goods	(16.66)	282.32
Gross profit from other products	1.57	1.47
	<hr/>	<hr/>
Total gross profit	1.05	459.57
	<hr/> <hr/>	<hr/> <hr/>

The Group achieved a gross profit of HK\$1.05 million in 2024, representing a decrease of 99.77% compared to HK\$459.57 million in 2023. For the year ended 31 December 2024, the gross profit margin of the Group was 0.93%, representing a decrease of 8.11 percentage points as compared with 9.04% for the year ended 31 December 2023. The significant decrease in the Group's gross profit and gross profit margin was mainly due to (i) the overseas e-commerce business was undergoing a period of restructuring and the new business model had not yet recorded revenue and gross profit; and (ii) the loss on inventory write-downs of inventory goods of the overseas e-commerce business was charged to cost, which had an unfavorable impact on the gross profit margin.

Other Gains and Losses

The other gains and losses of the Group changed from gains of HK\$9.03 million in 2023 to losses of HK\$5.43 million in 2024, which was mainly due to the (i) foreign exchange gains, net of HK\$30.14 million recorded in 2024; (ii) loss on fair value changes of derivatives of HK\$18.66 million; and (iii) recognition of assets impairment losses of HK\$18.11 million .

Distribution and Selling Expenses

For the year ended December 31, 2024, the distribution and selling expenses of the Group amounted to approximately HK\$913.58 million, representing a decrease of 2.47% as compared with HK\$936.71 million in 2023, which was mainly attributable to the ongoing traffic promotion subsidy to the distributors by the overseas e-commerce business in 2024.

Administrative Expenses

The administrative expenses of the Group decreased by 37.87% from HK\$143.11 million in 2023 to HK\$88.91 million in 2024, primarily due to the optimization of the Group's staffing costs and savings in professional services fees, office rentals, travel expenses, entertainment expenses and other related expenses.

R&D Expenses

R&D expenses of the Group decreased by 95.47% from HK\$70.01 million in 2023 to HK\$3.17 million in 2024, which was mainly due to the fact that the Group's own e-commerce platform currently can meet the demand for the development of its overseas e-commerce business, resulting in the reduction of R&D investment accordingly.

Finance costs

For the year ended December 31, 2024, the finance costs of the Group were interest expenses of lease liabilities arising from leasing properties during the Reporting Period. The Group had no bank loans during the Reporting Period.

Inventories

As of December 31, 2024, the Group had no inventory. As of December 31, 2023, the balance of the inventories of the Group amounted to HK\$108.68 million, and the decrease was due to the fact that the disposal of the existing inventory goods was completed and the purchase of inventory goods was suspended in 2024 as part of the strategic adjustment of overseas e-commerce business.

Trade and Other Receivables and Deposits

The Group had trade and other receivables and the balance of deposits of HK\$729.02 million as of December 31, 2023 and HK\$348.82 million as of December 31, 2024, respectively.

As at December 31, 2024, the balance of trade receivables of the Group amounted to HK\$60.29 million, representing a decrease of 72.96% compared to HK\$222.99 million as of December 31, 2023, which was mainly attributable to a decrease in corresponding trade receivables as a result of the decrease in revenue from performance-based marketing services in 2024.

Other receivables and deposits are deposits paid to suppliers to expand the overseas sales of E-commerce goods business, receivables of income from investments in films and television dramas, employee petty cash and rental deposits, etc. As of December 31, 2023 and as of December 31, 2024, the balance of other receivables and deposits amounted to HK\$506.03 million and HK\$288.53 million, respectively, which was mainly attributable to the refund of part of the security deposits in 2024 for the overseas e-commerce business.

Prepayments

The Group had the balance of prepayments of HK\$499.32 million and HK\$108.38 million as of December 31, 2023 and as of December 31, 2024, respectively. The decrease in balance was mainly attributable to the consumption of part of the Group's prepaid traffic payment in 2024.

Equity Instruments at Fair Value through Other Comprehensive Income

The Group had balance of equity instruments at fair value through other comprehensive income of HK\$12.99 million and HK\$2.26 million as of December 31, 2023 and as of December 31, 2024, respectively. The decrease was mainly attributable to the deduction in the fair value of investments due to under-performance of the investee company.

Bank Deposits/Restricted Bank Balances/Cash and Cash Equivalents

The Group had bank deposits/bank balances and cash balances of HK\$367.92 million and HK\$272.35 million as of December 31, 2023 and as of December 31, 2024, respectively. The decrease in balances was mainly due to the Group's platform traffic purchases and daily operating expenses.

Trade and Other Payables

Trade and other payables of the Group primarily consist of (i) payables for the purchase of data traffic; (ii) payables for the purchase of goods; and (iii) other payables, primarily representing tax payables and compensation payable to employees.

The balance of trade payables of the Group increased by 71.91% from HK\$173.03 million as of December 31, 2023 to HK\$297.45 million as of December 31, 2024, which was mainly due to the Group's continuous subsidies for overseas e-commerce business distributors in relation to traffic-based promotion, resulting in an increase in data traffic payables as compared to the same period last year.

The balance of other payables of the Group decreased by 24.92% from HK\$31.54 million as of December 31, 2023 to HK\$23.68 million as of December 31, 2024.

Lease Liabilities

Lease liabilities of the Group decreased by 46.40% from HK\$41.36 million as of December 31, 2023 to HK\$22.17 million as of December 31, 2024, which was attributable to the decrease in property leases.

Liquidity and Capital Resources

The following table sets forth a summary of our cash flows for the periods indicated:

	As of December 31 or for the year ended December 31,	
	2024	2023
	<i>HK\$ million</i>	
Net cash used in operating activities	(54.54)	(237.76)
Net cash (used in) from investing activities	(10.46)	41.03
Net cash used in financing activities	(18.46)	(18.06)
Net decrease in cash and cash equivalents	(83.46)	(214.79)
Cash and cash equivalents at beginning of the year	325.97	533.95
Effect of foreign exchange rate changes	(29.63)	6.81
Cash and cash equivalents at end of the year, represented by bank balances and cash	212.88	325.97

As of December 31, 2023 and as of December 31, 2024, cash and cash equivalents were mainly denominated in Renminbi, United States dollars and Hong Kong dollars.

Cash Flow from Operating Activities

Our cash inflows from operating activities primarily consist of collection of sales revenue from the provision of mobile new media performance-based marketing services and overseas sales of E-commerce goods business to customers. Our cash outflow from operating activities mainly consist of purchase cost of traffic, purchase cost of goods, distribution and selling expenses, R&D expenses and administrative expenses.

For the year ended December 31, 2024, our net cash used in operating activities was HK\$54.54 million (for the year ended December 31, 2023: HK\$237.76 million), which is mainly due to the decrease in operating cash outflow a result of the contraction in the scale of the Group's operations.

Cash Flow from Investing Activities

Our cash used in investing activities mainly consists of purchase of fixed assets, purchase of financial assets at FVTPL, redemption of financial assets at FVTPL, investments in an associate, investments in films and television dramas, grant and recovery of loan receivables, and purchase and redemption of term deposits.

For the year ended December 31, 2024, our net cash used in investing activities was HK\$10.46 million (for the year ended December 31, 2023: net cash from investing activities was HK\$41.03 million), primarily attributable to the interest income and purchase of time deposits.

Cash Flow from Financing Activities

For the year ended December 31, 2024, our net cash used in financing activities was HK\$18.46 million (for the year ended December 31, 2023: HK\$18.06 million), primarily attributable to the lease payments for leased assets.

Capital Expenditures

The principal capital expenditures of the Group primarily consist of fixed assets, right-of-use assets and intangible assets. The following table sets forth our net capital expenditures for the periods indicated:

	As of December 31 or for the year ended December 31,	
	2024	2023
	<i>HK\$ million</i>	
Fixed assets	0.28	18.90
Right-of-use assets	—	26.41
	<hr/>	<hr/>
Total	0.28	45.31
	<hr/> <hr/>	<hr/> <hr/>

Significant Investments, Material Acquisitions and Disposals of Subsidiaries and Associates

During the Reporting Period, the Group did not hold any significant investments or have any material acquisitions or disposals of subsidiaries or associated companies.

Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the Prospectus and the section headed “Use of Proceeds from Listing” in this announcement, the Group does not have any other plans for material investments or capital assets.

Indebtedness

Bank Borrowings

As of December 31, 2023 and December 31, 2024, the Group did not have any bank borrowings.

Contingent Liabilities, Charges of Assets and Guarantees

Contingent Liabilities

As of December 31, 2023 and December 31, 2024, the Group was not involved in any material legal, arbitration or administrative proceedings that, if adversely determined, and did not have any contingent liabilities, that, we expected would materially adversely affect our business, financial position or results of operations.

Charge of Assets and Guarantees

As of December 31, 2023 and December 31, 2024, the Group did not have any outstanding mortgages, charges, debentures, other issued debt capital, bank overdrafts, borrowings, liabilities under acceptance or other similar indebtedness, any guarantees or other material contingent liabilities.

Gearing Ratio

Gearing ratio is calculated using total liabilities divided by total assets and multiplied by 100%. As of December 31, 2024, the gearing ratio of the Group was 49.02% (as of December 31, 2023: 15.66%).

Current Ratio

Current ratio represents current assets divided by current liabilities. The current ratio of the Group decreased from 7.75 times as of December 31, 2023 to 1.86 times as of December 31, 2024.

Treasury Policy

We adopt a prudent financial management approach for our treasury policy to ensure that our liquidity structure is able to always meet our capital requirements.

Foreign Exchange Risk and Hedging

Foreign currency risk refers to the risk of loss resulting from changes in foreign currency exchange rates. Several subsidiaries of the Company have foreign currency sales and purchase, bank balances, trade and other receivables and deposits, trade and other payables which expose the Group to foreign currency risk.

The Group currently does not have a foreign exchange hedging policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

Employees and Remuneration Policies

As of December 31, 2024, we had 70 full-time employees, the majority of whom were based in the PRC. As of December 31, 2024, over 58.6% of our employees were in the departments of R&D, technical and operation.

In terms of employee benefits and security, the Group complies with the minimum working age and minimum wage prescribed by law and provides employees with five national statutory social insurances in accordance with the relevant laws and regulations. The Group strictly guarantees that employees have their rights to various holidays, such as public holidays, paid annual leave, sick leave, wedding leave and maternity leave. Additionally, the Group also provides employees with employee accident insurance, reimbursement of transportation expenses for overtime and other benefits and safeguard measures. Moreover, we organize team building activities quarterly and physical examinations annually for our employees.

The Group recruits our personnel through professional search firms and recruiting websites. The Group has established effective employee incentive schemes to correlate the remuneration of our employees with their overall performance, and has established a performance-based remuneration awards system. Employees are promoted not only in terms of position and seniority. On June 21, 2021, the Group has adopted the Share Award Scheme to recognize the contributions of the certain directors, employees, consultants and advisers of the Group in order to incentivize them to retain with the Group, and to motivate them to strive for the future development and expansion of the Group.

We provide professional training programs for new employees we hired. We also customize in accordance to the needs of the employees in different departments, and provide regular and professional training both online and offline.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

	NOTES	Year ended 31 December	
		2024 HK\$'000	2023 HK\$'000
Revenue	4	113,313	5,083,992
Cost of revenue		<u>(112,264)</u>	<u>(4,624,419)</u>
Gross profit		1,049	459,573
Other income		8,624	12,341
Other gains and losses	6	(5,432)	9,033
Impairment losses under expected credit loss model, net of reversal	7	(106,053)	(123,775)
Distribution and selling expenses		(913,583)	(936,705)
Administrative expenses		(88,907)	(143,109)
Research and development expenses		(3,169)	(70,014)
Share of results of associates		1,442	1,857
Finance costs		<u>(1,222)</u>	<u>(2,303)</u>
Loss before tax		(1,107,251)	(793,102)
Income tax expense	8	<u>(70)</u>	<u>(141)</u>
Loss for the year		<u><u>(1,107,321)</u></u>	<u><u>(793,243)</u></u>
Loss for the year attributable to:			
Owners of the Company		(1,068,481)	(784,166)
Non-controlling interests		<u>(38,840)</u>	<u>(9,077)</u>
		<u><u>(1,107,321)</u></u>	<u><u>(793,243)</u></u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME – Continued

FOR THE YEAR ENDED 31 DECEMBER 2024

		Year ended 31 December	
		2024	2023
	NOTE	HK\$'000	HK\$'000
Other comprehensive (expense) income			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		(16,976)	(28,098)
Fair value loss on equity instruments at fair value through other comprehensive income		(10,604)	(14,685)
Income tax relating to item that will not be reclassified to profit or loss		<u>127</u>	<u>1,703</u>
		<u>(27,453)</u>	<u>(41,080)</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<u>(24,915)</u>	<u>(10,169)</u>
Other comprehensive expense for the year, net of income tax		<u>(52,368)</u>	<u>(51,249)</u>
Total comprehensive expense for the year		<u><u>(1,159,689)</u></u>	<u><u>(844,492)</u></u>
Total comprehensive expense for the year attributable to:			
Owners of the Company		(1,119,518)	(835,656)
Non-controlling interests		<u>(40,171)</u>	<u>(8,836)</u>
		<u><u>(1,159,689)</u></u>	<u><u>(844,492)</u></u>
Basic loss per share (HK cents)	9	<u><u>(45.05)</u></u>	<u><u>(33.10)</u></u>
Diluted loss per share (HK cents)	9	<u><u>(45.05)</u></u>	<u><u>(33.10)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 DECEMBER 2024

		As at 31 December	
		2024	2023
	NOTES	HK\$'000	HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		26,079	58,226
Right-of-use assets		16,534	36,875
Intangible assets		789	2,222
Interests in associates	11	37,178	36,538
Rental deposits	12	2,163	5,192
Financial assets at fair value through profit or loss		9,832	7,414
Equity instruments at fair value through other comprehensive income		2,264	12,993
Finance lease receivables		–	1,396
		<u>94,839</u>	<u>160,856</u>
CURRENT ASSETS			
Inventories		–	108,681
Trade and other receivables and deposits	12	346,655	723,832
Loan receivables		–	4,524
Finance lease receivables		–	1,649
Prepayments	13	108,384	499,320
Financial assets at fair value through profit or loss		–	1,991
Restricted bank balances		41,951	41,951
Bank deposits		17,525	–
Cash and cash equivalents		212,876	325,973
		<u>727,391</u>	<u>1,707,921</u>
CURRENT LIABILITIES			
Trade and other payables	14	321,133	204,567
Lease liabilities		9,663	14,665
Financial liabilities at fair value through profit or loss		58,800	–
Income tax payable		971	1,004
		<u>390,567</u>	<u>220,236</u>
NET CURRENT ASSETS		<u>336,824</u>	<u>1,487,685</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>431,663</u>	<u>1,648,541</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION – Continued

AT 31 DECEMBER 2024

		As at 31 December	
		2024	2023
	NOTE	HK\$'000	HK\$'000
NON-CURRENT LIABILITIES			
Lease liabilities		12,503	26,694
Obligation arising from a forward contract with non-controlling interests		–	45,632
Deferred tax liabilities		–	128
		<u>12,503</u>	<u>72,454</u>
NET ASSETS		<u>419,160</u>	<u>1,576,087</u>
CAPITAL AND RESERVES			
Share capital	15	24	24
Reserves		<u>502,621</u>	<u>1,599,318</u>
Equity attributable to owners of the Company		502,645	1,599,342
Non-controlling interests		<u>(83,485)</u>	<u>(23,255)</u>
TOTAL EQUITY		<u>419,160</u>	<u>1,576,087</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company											
	Share capital <i>HK\$'000</i>	Treasury stocks <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Share-based payments reserve <i>HK\$'000</i>	Fair value through other comprehensive income reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Retained earnings (accumulated losses) <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2023	24	(6,955)	2,267,925	-	412	11,293	177,727	(78,558)	42,083	2,413,951	330	2,414,281
Loss for the year	-	-	-	-	-	-	-	-	(784,166)	(784,166)	(9,077)	(793,243)
Changes in fair value of equity instruments	-	-	-	-	-	(12,982)	-	-	-	(12,982)	-	(12,982)
Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	-	-	(28,098)	-	(28,098)	-	(28,098)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(10,410)	-	(10,410)	241	(10,169)
Other comprehensive (expense) income for the year	-	-	-	-	-	(12,982)	-	(38,508)	-	(51,490)	241	(51,249)
Loss and total comprehensive expense for the year	-	-	-	-	-	(12,982)	-	(38,508)	(784,166)	(835,656)	(8,836)	(844,492)
Recognition of equity-settled share-based payment expenses (<i>note 16</i>)	-	-	-	-	3,338	-	-	-	-	3,338	2,960	6,298
Vesting of shares of the Company (<i>note 16(a)</i>)	-	6,955	-	(3,205)	(3,750)	-	-	-	-	-	-	-
Vesting of shares of a subsidiary (<i>note 16(b)</i>)	-	-	-	17,709	-	-	-	-	-	17,709	(17,709)	-
Appropriation of statutory reserve	-	-	-	-	-	-	5,379	-	(5,379)	-	-	-
At 31 December 2023	24	-	2,267,925	14,504	-	(1,689)	183,106	(117,066)	(747,462)	1,599,342	(23,255)	1,576,087

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY – Continued

FOR THE YEAR ENDED 31 DECEMBER 2024

	Attributable to owners of the Company											
	Share capital <i>HK\$'000</i>	Treasury stocks <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Other reserve <i>HK\$'000</i>	Share-based payments reserve <i>HK\$'000</i>	Share-based comprehensive income reserve <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Non-controlling interests <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2024	24	-	2,267,925	14,504	-	(1,689)	183,106	(117,066)	(747,462)	1,599,342	(23,255)	1,576,087
Loss for the year	-	-	-	-	-	-	-	-	(1,068,481)	(1,068,481)	(38,840)	(1,107,321)
Changes in fair value of equity instruments	-	-	-	-	-	(10,477)	-	-	-	(10,477)	-	(10,477)
Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	-	-	(16,976)	-	(16,976)	-	(16,976)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-	-	(23,584)	-	(23,584)	(1,331)	(24,915)
Other comprehensive expense for the year	-	-	-	-	-	(10,477)	-	(40,560)	-	(51,037)	(1,331)	(52,368)
Loss and total comprehensive expense for the year	-	-	-	-	-	(10,477)	-	(40,560)	(1,068,481)	(1,119,518)	(40,171)	(1,159,689)
Recognition of equity-settled share-based payment expenses (<i>note 16</i>)	-	-	-	-	-	-	-	-	-	-	2,762	2,762
Vesting of shares of a subsidiary (<i>note 16(b)</i>)	-	-	-	22,821	-	-	-	-	-	22,821	(22,821)	-
At 31 December 2024	24	-	2,267,925	37,325	-	(12,166)	183,106	(157,626)	(1,815,943)	502,645	(83,485)	419,160

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Year ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	<u>(54,538)</u>	<u>(237,757)</u>
Net cash (used in) from investing activities	<u>(10,464)</u>	<u>41,034</u>
Net cash used in financing activities	<u>(18,456)</u>	<u>(18,057)</u>
Net decrease in cash and cash equivalents	(83,458)	(214,780)
Cash and cash equivalents at beginning of the year	325,973	533,944
Effect of foreign exchange rate changes	<u>(29,639)</u>	<u>6,809</u>
Cash and cash equivalents at end of the year	<u>212,876</u>	<u>325,973</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

1. GENERAL INFORMATION

Joy Spreader Group Inc. (the “**Company**”) was incorporated and registered in the Cayman Islands on 19 February 2019 as an exempted company with limited liability under the Companies Act of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 23 September 2020. The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information section to the annual report. The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) are provision of digital marketing business and the relevant services and sales of E-commerce goods.

The ultimate holding company and immediate holding company of the Company are ZZN. Ltd. (“**ZZN**”) and Laurence mate. Ltd., respectively, which were incorporated in the British Virgin Islands, and are ultimately controlled by Mr. Zhu Zinan, the chairman and chief executive officer of the Company (the “**Ultimate Controlling Shareholder**”).

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is different from the Company's functional currency of Renminbi (“**RMB**”) and all values are rounded to the nearest thousand ('000) except when otherwise indicated. The Company's shares are listed on the Stock Exchange, for the convenience of the users of the financial statements, the directors of the Company (the “**Directors**”) adopted HK\$ as the presentation currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”). For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS – Continued

The Group conducts its business through Beijing Joy Spreader Interactive Network Technology Group Co., Ltd (formerly known as Beijing Joy Spreader Interactive Network Technology Co., Ltd, “**Beijing Joyspreader**”) and its subsidiaries, which were established in the People's Republic of China (the “**PRC**”) (collectively, the “**Consolidated Affiliated Entities**”) due to regulatory restrictions on foreign ownership in the Internet cultural business industry in the PRC. Beijing Joyspreader was owned by the Ultimate Controlling Shareholder and other shareholders (collectively referred to as “**Joy Spreader Shareholders**”). Joy Spreader Interactive Group Co., Limited (formerly known as Beijing Joy Spreader Interactive Technology Co., Limited, “**Joy Spreader WFOE**”), a wholly-owned subsidiary of the Company established in the PRC, has entered into contractual arrangements with Beijing Joyspreader and Joy Spreader Shareholders on 11 December 2019 (the “**Contractual Arrangements**”). Pursuant to the Contractual Arrangements, Joy Spreader WFOE is able to:

- exercise effective financial and operational control over the Consolidated Affiliated Entities;
- exercise equity holders' voting rights of the Consolidated Affiliated Entities;
- receive substantially all of the economic returns generated by the Consolidated Affiliated Entities in consideration for the business support, technical and consulting services provided by Joy Spreader WFOE;
- obtain an irrevocable and exclusive right to purchase all or part of equity interests in the Consolidated Affiliated Entities from the respective equity holders at a minimum purchase price permitted under the PRC laws and regulations. Joy Spreader WFOE may exercise such options at any time until they have acquired all equity interests and/or all assets of the Consolidated Affiliated Entities. In addition, the Consolidated Affiliated Entities are not allowed to sell, transfer, pledge or dispose of any assets, or make any distributions to their equity holders without prior consent of Joy Spreader WFOE; and
- obtain a pledge over the entire equity interest of the Consolidated Affiliated Entities from their equity holders as collateral security for payments of the Consolidated Affiliated Entities due to Joy Spreader WFOE and to secure performance of the Consolidated Affiliated Entities' obligations under the Contractual Arrangements.

The Group does not have any equity interest in the Consolidated Affiliated Entities. However, as a result of the Contractual Arrangements, the Group has power over the Consolidated Affiliated Entities, has rights to variable returns from its involvement with the Consolidated Affiliated Entities, has the ability to affect those returns through its power over the Consolidated Affiliated Entities and is considered to have control over the Consolidated Affiliated Entities. Consequently, the Company regards the Consolidated Affiliated Entities as indirect subsidiaries. The Group has consolidated the assets, liabilities, revenue, income and expenses of the Consolidated Affiliated Entities in the consolidated financial statements.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS – Continued

Going Concern

The Group's revenue for the year ended 31 December 2024 decreased by HK\$4,970,679,000 to HK\$113,313,000 as compared with the Group's revenue last year due to change of business model as set out in note 4. In addition, the Group incurred a net loss of HK\$1,107,321,000 and had negative operating cash flows of HK\$54,538,000 for the year ended 31 December 2024. Taking into consideration that the subsidy for traffic promotion through overseas short video platforms (the "Subsidy") will not exceed HK\$100 million for the year ending 31 December 2025 and the Subsidy are incurred at the sole direction of the Group, the Directors are of the opinion that the Group will have sufficient financial resources to meet its liabilities when they fall due for the next twelve months from the date of this report. Accordingly, the consolidated financial statements are prepared on a going concern basis.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the IASB for the first time, which are mandatorily effective for the annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendment to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangement</i>

The application of the amendments to IFRS Accounting Standards mentioned above in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and Amendments to IFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments³</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature - dependent Electricity³</i>
Amendments to IFRS 10 and IAS 28	<i>Sales or Contribution of Assets between an Investor and its Associate or Joint Venture¹</i>
Amendments to IFRS Accounting Standards	<i>Annual Improvements to IFRS Accounting Standards Volume 11³</i>
Amendments to IAS 21	<i>Lack of Exchangeability²</i>
IFRS 18	<i>Presentation and Disclosure in Financial Statements⁴</i>

1 Effective for annual periods beginning on or after a date to be determined.

2 Effective for annual periods beginning on or after 1 January 2025.

3 Effective for annual periods beginning on or after 1 January 2026.

4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new IFRS Accounting Standard mentioned below, the Directors anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

3. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS - CONTINUED

New and Amendments to IFRS Accounting Standards in issue but not yet effective - continued

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of IFRS 18 on the Group's consolidated financial statements.

4. REVENUE

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Types of goods or services		
Provision of performance-based we-media marketing services		
Interactive entertainment and digital products marketing	56,926	186,565
E-commerce products marketing	20,882	306,660
	<u>77,808</u>	<u>493,225</u>
Sales of E-commerce goods	<u>32,798</u>	<u>4,587,896</u>
Others	<u>2,707</u>	<u>2,871</u>
	<u>113,313</u>	<u>5,083,992</u>
Timing of revenue recognition		
A point in time	<u>113,313</u>	<u>5,083,992</u>

4. REVENUE – CONTINUED

(ii) Performance obligations for contracts with customers and revenue recognition policies

Provision of performance-based we-media marketing services

The Group is engaged in the provision of performance-based we-media marketing services for various types of products (including E-commerce goods, mobile applications, mobile games, online literature, etc.). Performance-based we-media marketing refers to the form of marketing which is displayed on we-media, which are mainly online accounts registered by their users by using the traffic to publish marketing products (including text, pictures, audio or games or video contents) to the public. The Group normally acquires the advertising traffic of different online platforms from the suppliers and places the marketing products provided by the customers in the appropriate we-media platforms (such as WeChat and Douyin) which can target the interests of their subscribers.

When the Group acts as the principal to the contracts with customers as it controls the specified advertising traffic resources and the specified marketing services before they are displayed to the target users, the Group recognises revenue earned and costs incurred related to the transactions on a gross basis, taking into consideration indicators that the Group is primarily responsible for fulfilling the promise to provide the specified service and is responsible for (i) identifying and contracting with individual customers and negotiating with them the contract price; (ii) identifying and contracting with suppliers (normally the Group made prepayments to suppliers for the advertising traffic to be used for a future period, for example nine to twelve months); and (iii) bearing sole responsibility for fulfillment of the services. Such revenue is recognised at a point in time when specific services were provided based on different pricing models (for example, cost per click or cost per sale for performance-based marketing services to marketing agencies as a result of the advertising display of marketing products on relevant we-media platforms) which are confirmed with the customers monthly. Normally, the payment terms for the contract is 180 days after the volume of the specified service is agreed with the customers monthly.

When the Group acts as an agent, it recognises revenue earned and costs incurred related to the transaction on a net basis, in exchange for arranging for the specified service to be provided by the other party. Normally, the payment terms for the contract is 180 days after the volume of the specified service is agreed with the customers monthly.

Sales of E-commerce goods

The Group engages in sales of E-commerce goods. The Group concludes that the Group acts as the principal for such transactions as it controls the specified good before it is transferred to the customer including considering the indicators to the assessment of control as the Group is primarily responsible for fulfilling the promise to provide the goods, has inventory risk and discretion in establishing the price for the specified good. When the Group satisfies the performance obligation, being at the point the goods are delivered to the customers, the Group recognises revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts. Normally, the Group receives prepayments from customers and the transaction price received by the Group is recognised as a contract liability until the goods have been delivered to the customer.

4. REVENUE – CONTINUED

(ii) Performance obligations for contracts with customers and revenue recognition policies – Continued

Sales of E-commerce goods – Continued

During the current year, the Group suspended inventory purchases and the sales of E-commerce goods under the traditional trading model. Instead, the Group adopted an asset-light business model to operate the sales of E-commerce goods business by providing accurate traffic marketing services for overseas E-commerce customers via overseas short video platforms. Under the new business model, the Group acts as an agent and aims to earn commission fees based on gross merchandise volume and corresponding fixed commission rate. Currently, the Group is still in the process of testing on the new business model and has not collected commissions or service fees from suppliers and customers, thereby the Group did not record any revenue under the new business model for the current year.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

All provision of performance-based we-media marketing services and sales of E-commerce goods are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

5. SEGMENT INFORMATION

Information reported to the Group's chief executive officer, being the chief operating decision maker (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

Specifically, the Group's operating and reportable segments under IFRS 8 *Operating Segments* are as follows:

- “Provision of performance-based we-media marketing services” segment mainly comprises the provision of these marketing services to help marketing customers direct to consumer, acquire new users and sales orders, and realise product promotion on a diverse we-media network; and
- “Sales of E-commerce goods” segment comprises the sales of E-commerce goods on an online basis.

The “Others” segment mainly comprises the provision of the culture related services.

5. SEGMENT INFORMATION – CONTINUED

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the year ended 31 December 2024

	Provision of performance -based we-media marketing services <i>HK\$'000</i>	Sales of E-commerce goods <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue from external customers	<u>77,808</u>	<u>32,798</u>	<u>2,707</u>	<u>113,313</u>
Segment loss	<u>(159,196)</u>	<u>(939,868)</u>	<u>(28,114)</u>	<u>(1,127,178)</u>
Share of results of associates				1,442
Unallocated corporate gains				<u>18,415</u>
Loss for the year				<u>(1,107,321)</u>

For the year ended 31 December 2023

	Provision of performance -based we- media marketing services <i>HK\$'000</i>	Sales of E-commerce marketing goods <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue from external customers	<u>493,225</u>	<u>4,587,896</u>	<u>2,871</u>	<u>5,083,992</u>
Segment profit (loss)	<u>180</u>	<u>(746,312)</u>	<u>(30,985)</u>	<u>(777,117)</u>
Share of results of associates				1,857
Unallocated corporate expenses				<u>(17,983)</u>
Loss for the year				<u>(793,243)</u>

Segment profit/(loss) represents the profit/(loss) earned/incurred from each segment without allocation of share of results of associates, and certain corporate expenses including central administration costs, directors' emoluments, foreign exchange gains and loss on fair value changes of financial assets at FVTPL. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

5. SEGMENT INFORMATION – CONTINUED

Segment assets and liabilities

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

6. OTHER GAINS AND LOSSES

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Impairment loss recognised in respect of:		
– property, plant and equipment	(14,020)	–
– right-of-use assets	(4,088)	–
(Loss) gain on disposal of property, plant and equipment	(5)	1,492
(Loss) gain on disposal of right-of-use assets	(92)	46
Foreign exchange gains, net	30,140	10,523
Gain on fair value changes of financial assets at FVTPL	1,716	904
Loss on fair value changes of obligation arising from a forward contract with non-controlling interests	(3,431)	(3,592)
Loss on fair value changes of derivatives	(18,664)	–
Others	3,012	(340)
	<u>3,012</u>	<u>(340)</u>
	<u>(5,432)</u>	<u>9,033</u>

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Net impairment losses recognised in respect of:		
trade receivables	70,139	97,176
other receivables	31,575	13,438
loan receivables	4,339	13,161
	<u>4,339</u>	<u>13,161</u>
	<u>106,053</u>	<u>123,775</u>

8. INCOME TAX EXPENSE

	Year ended 31 December	
	2024	2023
	HK\$'000	HK\$'000
Current enterprise income tax	<u>70</u>	<u>141</u>

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	Year ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to owners of the Company	<u>1,068,481</u>	<u>784,166</u>

Number of shares:

	Year ended 31 December	
	2024	2023
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>2,371,927</u>	<u>2,369,427</u>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share has been arrived at after deducting shares held by share award scheme under the trust as set out in note 16(a).

The computation of diluted loss per share does not consider the effect of non-vested shares under the share award scheme of the Company or the share award scheme of a subsidiary as set out in note 16(b) as they would result in a decrease in loss per share.

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the year ended 31 December 2024 (2023: nil).

11. INTERESTS IN ASSOCIATES

	As at 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost of investments in associates	37,443	37,443
Share of post-acquisition profits and other comprehensive income	3,815	2,373
Exchange realignment	<u>(4,080)</u>	<u>(3,278)</u>
	<u>37,178</u>	<u>36,538</u>

12. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	As at 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	118,242	368,272
Less: Allowance for credit losses	<u>(57,954)</u>	<u>(145,280)</u>
	<u>60,288</u>	<u>222,992</u>
Deposits for expanding overseas E-commerce markets (<i>note</i>)	215,000	440,000
Receivables on behalf of third parties as an agent	79,573	49,991
Receivables of income from investments in films and television dramas	16,436	16,795
Deposits paid to suppliers	2,289	2,339
Rental and other deposits	6,100	6,268
Other receivables	25,890	16,842
Less: Allowance for credit losses	<u>(56,758)</u>	<u>(26,203)</u>
	<u>288,530</u>	<u>506,032</u>
Total trade and other receivables and deposits	<u><u>348,818</u></u>	<u><u>729,024</u></u>
Analysis as		
Non-current	2,163	5,192
Current	<u>346,655</u>	<u>723,832</u>
	<u><u>348,818</u></u>	<u><u>729,024</u></u>

Note: In May and July 2022, the Group entered into several agreements with the largest overseas traffic supplier for expanding overseas E-commerce markets amounting to HK\$980,000,000. These deposits consist of separate deposits for certain countries in Southeast Asia and other continents. During the term of 12 months of these agreements, the Group has the right to claim for a full refund if the Group decides not to operate business in the respective countries or continents. These agreements expired in May 2023 were renewed to extend 12 months with the maturity date ended in May 2024. In May 2024, one agreement amounting to HK\$330,000,000 was renewed to extend 12 months with the maturity date ending May 2025.

During the year ended 31 December 2024, the Group decided not to operate business in certain countries, and deposits amounting to HK\$225,000,000 (2023: HK\$514,000,000) as stated above, was refunded to the Group or offset by trade payables, including HK\$220,000,000 (2023: HK\$250,000,000) was offset by trade payables pursuant to a debt settlement agreement signed between the Group and the traffic supplier.

12. TRADE AND OTHER RECEIVABLES AND DEPOSITS – Continued

As at 1 January 2023, gross carrying amounts of trade receivables from contracts with customers amounted to HK\$323,693,000.

The Group usually allows a credit period of 180 days (2023: 30 to 180 days) to its customers with no collateral. Aging of trade receivables net of allowance for credit losses, is prepared based on invoice dates, which approximated the respective revenue recognition dates, are as follows:

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Within 3 months	–	108,023
3-6 months	–	52,600
7-12 months	8,134	62,369
1-2 years	52,154	–
	<u>60,288</u>	<u>222,992</u>

As at 31 December 2024, included in the Group's trade receivables balance are debtors with aggregate carrying amounts of HK\$60,288,000 (2023: HK\$67,656,000) which are past due as at that date. As at 31 December 2024, out of the past due balance, HK\$60,288,000 (2023: HK\$52,464,000) has been past due 90 days or more and is not considered as in default because the amount is due from a number of independent reputable customers by considering the background of the debtors and historical payment arrangement. The Group does not hold any collateral or other credit enhancement over these balances.

As at 31 December 2024, debtors with balances from trade receivables amounting to HK\$93,327,000 (2023: HK\$83,667,000) which were not credit-impaired were assessed individually and the corresponding impairment allowance amounted to HK\$33,039,000 (2023: HK\$3,238,000). In addition, as at 31 December 2024, debtors with balances from trade receivables amounting to HK\$24,915,000 (2023: HK\$182,076,000) which were credit-impaired were assessed individually and impairment allowance of HK\$24,915,000 (2023: HK\$136,181,000) were recognised.

As at 31 December 2024, the Group provided no (2023: HK\$5,861,000) impairment allowance for trade receivables (2023: HK\$102,529,000) based on the provision matrix.

13. PREPAYMENTS

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Prepayments for purchases of traffic (<i>note a</i>)	104,118	492,911
Prepayments for consulting services	1,130	5,064
Other prepayments	3,136	1,345
	<u>108,384</u>	<u>499,320</u>

13. PREPAYMENTS – Continued

The following table shows the movements in prepayments for purchases of traffic:

	Year ended 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
At beginning of the year	492,911	684,893
Newly prepaid	204,918	355,710
Utilised	(127,653)	(386,430)
Settlement (<i>note b</i>)	(461,096)	(150,000)
Exchange realignment	(4,962)	(11,262)
	<u>104,118</u>	<u>492,911</u>
At end of the year	<u><u>104,118</u></u>	<u><u>492,911</u></u>

Notes:

- a. The Group purchased domestic and overseas traffic mainly from three independent suppliers which were founded by the same controlling shareholder and under common control according to the public information available, and the three independent suppliers together constitute the largest traffic supplier of the Group.

The Group's total advance payments to its largest traffic supplier composed of the deposits for expanding overseas E-commerce markets (see note 12) and prepayments for purchases of traffic. As at 31 December 2024, the Group's total advance payments to its largest supplier as a percentage of total assets was 39% (2023: 50%). Details of the percentage for the year are as follows:

	As at 31 December	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Advance to the largest supplier:		
– Deposits for expanding overseas E-commerce markets (<i>note 12</i>)	215,000	440,000
– Prepayments for purchases of traffic	104,118	492,911
	<u>319,118</u>	<u>932,911</u>
Total assets	<u>822,230</u>	<u>1,868,777</u>
Advance to the largest supplier as a percentage of total assets	<u><u>39%</u></u>	<u><u>50%</u></u>

13. PREPAYMENTS – CONTINUED

Notes: – Continued

- b. During the current year, the Group and the traffic supplier of the Group entered into several debt settlement agreements, pursuant to which the payables to the traffic supplier of HK\$461,096,000 (2023: HK\$150,000,000) was offset against the Group's prepayments to the traffic supplier of the same amount. The above transactions are accounted for as a non-cash transaction.

Subsequent to the end of the reporting period, the Group and the traffic supplier of the Group entered into two debt settlement agreements, pursuant to which the payables to the traffic supplier of HK\$104,118,000 was offset against the Group's prepayments to the traffic supplier of the same amount.

14. TRADE AND OTHER PAYABLES

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Trade payables	297,448	173,026
Employee compensation payable	10,884	11,345
Other tax payable	894	1,703
Accrued listing expense/shares issue costs	4,319	4,414
Payables for intangible assets	1,944	1,986
Other payables and accruals	5,644	12,093
	<u>321,133</u>	<u>204,567</u>

The following is an aged analysis of trade payables by age presented based on the invoice date.

	As at 31 December	
	2024	2023
	HK\$'000	HK\$'000
Within 3 months	286,985	122,587
3-6 months	–	48,263
Over 1 year	10,463	2,176
	<u>297,448</u>	<u>173,026</u>

The average credit period on purchases of goods or services is 90 days.

15. SHARE CAPITAL

	Number of shares		Share capital	
	2024 '000	2023 '000	2024 HK\$	2023 HK\$
Ordinary shares of HK\$0.00001 each Authorised				
At beginning and end of the year	<u>5,000,000</u>	<u>5,000,000</u>	<u>50,000</u>	<u>50,000</u>
Issued and fully paid				
At beginning and end of the year	<u>2,371,927</u>	<u>2,371,927</u>	<u>23,720</u>	<u>23,720</u>
			As at 31 December	
			2024	2023
			HK\$'000	HK\$'000
Presented as			<u>24</u>	<u>24</u>

16. SHARE BASED PAYMENT TRANSACTIONS

(a) Equity-settled share award scheme of the Company

The Company has adopted a share award scheme pursuant to the board resolution of the Company dated 21 June 2021 (the “**Share Award Scheme**”).

Pursuant to the Share Award Scheme, the Company had contracted with a trustee (the “**Trustee**”) to establish a trust (the “**Trust**”) on 21 June 2021. The board of directors (the “**Board**”) may from time to time during the effective period of the Share Award Scheme (a term of 10 years commencing on the adoption of this scheme or early terminated) contribute funds to the Trust and instruct the Trustee to purchase shares of the Company on the Stock Exchange. Shares purchased and held by the Trust are transferrable and have voting rights, however, the Trustee shall not exercise the voting rights. Shares will be granted to the selected directors, employees, consultants and advisers of the Group (the “**Selected Participants**”) pursuant to the terms and trust deed of the Share Award Scheme. Vesting of the shares granted to the Selected Participants is conditional upon the fulfilment of vesting conditions as specified by the Board.

During the year ended 31 December 2024, the Trustee did not purchase any shares and no share was granted (2023: nil). During the year ended 31 December 2024, no share was vested (2023: 2,500,000 shares).

16. SHARE BASED PAYMENT TRANSACTIONS – CONTINUED

(a) Equity-settled share award scheme of the Company – Continued

The following table discloses details of the awarded shares held by the grantees and movements in such holdings under the Share Award Scheme:

	Outstanding at 1 January 2023	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at 31 December 2023
Shares granted to:					
Employee	2,500,000	–	(2,500,000)	–	–

During the year ended 31 December 2024, no share-based payment expenses was recognised by the Group in respect of these awarded shares (2023: HK\$3,338,000). The weighted average fair value of the awarded shares is HK\$1.42 at the date of grant. The fair values for these awarded shares granted were calculated using the fair value of the Company's ordinary shares on the date of grant.

(b) Equity-settled share award scheme of a subsidiary

On 1 September 2023, Joy Spreader International (HK) Limited (“**Joy Spreader International**”), a then wholly owned subsidiary of the Company, adopted a share award scheme (the “**Joy Spreader International Share Award Scheme**”) to recognise the contribution and provide incentives to eligible directors and employees of the Company and its subsidiaries.

On the same date, 1,000 shares of Joy Spreader International held by the Company have been granted to Mr. Zhu Zinan, representing 10% of the issued shares of Joy Spreader International, which is also the upper limit of the total shares available for grant under Joy Spreader International Share Award Scheme. The exercise price is zero and the granted shares are vested in four tranches with the vesting dates on 1 September 2023, 1 March 2024, 1 September 2024 and 1 March 2025.

16. SHARE BASED PAYMENT TRANSACTIONS – CONTINUED

(b) Equity-settled share award scheme of a subsidiary – Continued

The following table discloses details of the awarded shares held by the grantees and movements in such holdings under the Joy Spreader International Share Award Scheme:

	Outstanding at 1 January 2024	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at 31 December 2024
Shares granted to:					
Mr. Zhu Zinan	800	–	(200)	–	600
	<u>800</u>	<u>–</u>	<u>(200)</u>	<u>–</u>	<u>600</u>
	Outstanding at 1 January 2023	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at 31 December 2023
Shares granted to:					
Mr. Zhu Zinan	–	1,000	(200)	–	800
	<u>–</u>	<u>1,000</u>	<u>(200)</u>	<u>–</u>	<u>800</u>

The awarded shares were priced using the value of shares of Joy Spreader International, which was determined using Binomial model on the date of grant. The fair value of the awarded shares is HK\$5.92 at the date of grant. The key inputs into the model are as follows:

Risk free rate	3.26%
Expected volatility	57.05%
Weighted average expected life	0.8 year

During the year ended 31 December 2024, share-based payment expenses of HK\$2,762,000 (2023: HK\$2,960,000) was recognised in the Group's consolidated statement of profit or loss in respect of the Joy Spreader International Share Award Scheme.

OTHER INFORMATION AND CORPORATE GOVERNANCE HIGHLIGHTS

Contractual Arrangements

For the year ended December 31, 2024, the Board has reviewed the overall performance of the Contractual Arrangements and believed that the Group has complied with the Contractual Arrangements in all material respects.

On March 15, 2019, the Foreign Investment Law was considered and passed by the second session of the 13th Standing Committee of the National People's Congress and took effect on January 1, 2020. The Foreign Investment Law stipulates forms of foreign investment as below:

- (i) foreign investors set up foreign invested enterprises in China severally or jointly with other investors;
- (ii) foreign investors acquire shares, equity, properties or other similar interests in any domestic enterprise;
- (iii) foreign investors invest in new projects in China severally or jointly with other investors; and
- (iv) other types of investments as stipulated by laws, administrative regulations, or the State Council.

The Foreign Investment Law stipulates that the Negative List is applied in certain industry sectors. The Negative List set out in the Foreign Investment Law classified the relevant prohibited and restricted industries into the Catalog of Prohibitions and the Catalog of Restrictions, respectively. Where any foreign investor directly or indirectly holds shares, equity, properties or other interests in any domestic enterprise, such domestic enterprise is not allowed to invest in any sector set out in the Catalog of Prohibitions. Foreign investors are allowed to invest in sectors set out in the Catalog of Restrictions, subject to certain conditions. Foreign investors are allowed to invest in any sector beyond the Negative List and shall be managed on the same basis as domestic investments.

Current PRC laws and regulations impose certain restrictions or prohibitions on foreign ownership of companies that engage in internet culture businesses and other related businesses. In particular, under the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) 《(外商投資准入特別管理措施(負面清單)(2024年版)》) which took effect on November 1, 2024, certain of the Group's performance-based marketing services fall into the internet culture businesses which is considered prohibited. To comply with PRC laws and regulations, the Group conducts our performance-based marketing in China through Beijing Joyspreader and its subsidiaries, based on a series of Contractual Arrangements by and among WFOE, Beijing Joyspreader and the Registered Shareholders. As a result of these Contractual Arrangements, the Group exerts control over Beijing Joyspreader and its subsidiaries and consolidates their results of operations into the Group's financial statements. Beijing Joyspreader and its subsidiaries hold the licenses, approvals and key assets that are essential for the operations of the Group's Relevant Businesses (as defined in the Prospectus). For the efforts made and actions taken by the Group in compliance with the qualification requirements, please refer to the section headed "Contractual Arrangements" in the Prospectus.

As of the date of this announcement, there has been no update on the Foreign Investment Law and the Group has complied with the Foreign Investment Law and the implementation rules in relation to the qualification requirements.

Nevertheless, as disclosed above, even if the Company and its Shareholders have taken steps with the aim to meet the Qualification Requirements (as defined in the Prospectus), each of the Consolidated Affiliated Entities conducting Restricted Businesses (as defined in the Prospectus) must also hold the Online Culture Operating License which prohibits foreign investments, and therefore the Company would not be able to hold any equity interest in the Consolidated Affiliated Entities. In case that in future the Company or any of the Consolidated Affiliated Entities may provide value-added telecommunications services that require ICP License only, the Company will, where necessary, consider to set up new subsidiary(ies) or transfer the relevant business to proper subsidiary(ies) in order to directly hold the maximum percentage of ownership interests permissible under the relevant PRC laws and regulations.

Use of Proceeds from Listing

The Company was successfully listed on the Main Board of the Stock Exchange on September 23, 2020. According to the relevant disclosures as set out in the Prospectus and the announcement of offer price and allotment results dated September 20, 2020, after deducting underwriting fees, commissions and related expenses payable by the Company, the net proceeds obtained by the Company from the Global Offering (the “**Original Net Proceeds from the Listing**”) amounted to approximately HK\$1,498.83 million (including the net proceeds from partial exercise of the Over-allotment Option).

On March 8, 2022, after arm’s length negotiations after taking into consideration of other business arrangement, the Company entered into a debt exemption agreement with one of the International Underwriters in the Global Offering, pursuant to which, such International Underwriter has exempted approximately HK\$21.84 million of the underwriting fee payable to such International Underwriter by the Company under the International Underwriting Agreement. The exemption resulted in a decrease in the total underwriting fee payable by the Company, and the net proceeds from the Listing of the Company increased by approximately HK\$21.84 million (the “**Increased Net Proceeds from the Listing**”) to approximately HK\$1,520.67 million (the “**Updated Net Proceeds from the Listing**”) accordingly. For details, please refer to the Company’s announcement dated March 8, 2022.

The Board has passed a resolution on August 31, 2022 to determine that the unutilized Original Net Proceeds from the Listing and the Increased Net Proceeds from the Listing were reallocated for the first time as follows:

The intended use of the net proceeds from the Listing as described in the Prospectus	Original Net Proceeds from the Listing (including net proceeds from the exercise of the Over – allotment Option)	Approximate percentage of Original Net Proceeds from the Listing	Unutilized proceeds from the Listing upon first reallocation as of January 1, 2024	Utilized proceeds from the Listing upon first reallocation from January 1, 2024 to March 28, 2024	Unutilized proceeds from the Listing upon first reallocation as of March 28, 2024
	(HK\$ million)	(%)	(HK\$ million)	(HK\$ million)	(HK\$ million)
To develop our short-form video mobile new media monetization business, the net proceeds:					
(1) Will be used to invest in developing our self-owned user traffic;	511.11	34.10%	–	–	–
(2) Will be used to expand our team;	61.45	4.10%	26.09	–	26.09
(3) Will be used to further develop our short-form video technology infrastructure;	37.47	2.50%	7.07	–	7.07
(4) Will be used to procure high quality copyrights or ownership of high quality interactive entertainment products or license-in high quality interactive entertainment products; and	265.29	17.70%	32.16	–	32.16
(5) Will be used to continuously develop and optimize our algorithms and data collection capabilities to increase the effectiveness of recommendation algorithms for short-form videos.	23.98	1.60%	1.46	–	1.46

The intended use of the net proceeds from the Listing as described in the Prospectus	Original Net	Approximate percentage of Original Net Proceeds from the Listing	Unutilized	Utilized	Unutilized
	Proceeds from the Listing (including net proceeds from the exercise of the Over – allotment Option)		proceeds from the Listing upon first reallocation as of January 1, 2024	proceeds from the Listing upon first reallocation from January 1, 2024 to March 28, 2024	proceeds from the Listing upon first reallocation as of March 28, 2024
	(HK\$ million)	(%)	(HK\$ million)	(HK\$ million)	(HK\$ million)

To continue to strengthen our capabilities in performance-based mobile new media marketing services, the net proceeds:

(1) Will be used for potential investments in, or acquisitions of suitable licensed or large agents of top mobile we-media platforms;	106.42	7.10%	67.21	–	67.21
(2) Will be used for upgrading and optimizing our technologies, platforms and algorithms;	46.46	3.10%	–	–	–
(3) Will be used to expand our interactive entertainment product offerings; and	121.41	8.10%	45.77	–	45.77
(4) Will be used to increase and diversify our collaboration with licensed or large agents of popular mobile new media platforms in order to capture high-quality mobile new media resources.	22.48	1.50%	22.48	–	22.48

The intended use of the net proceeds from the Listing as described in the Prospectus	Original Net	Approximate percentage of Original Net Proceeds from the Listing	Unutilized	Utilized	Unutilized
	Proceeds from the Listing (including net proceeds from the exercise of the Over – allotment Option)		proceeds from the Listing upon first reallocation as of January 1, 2024	proceeds from the Listing upon first reallocation from January 1, 2024 to March 28, 2024	proceeds from the Listing upon first reallocation as of March 28, 2024
	(HK\$ million)	(%)	(HK\$ million)	(HK\$ million)	(HK\$ million)
To finance our international expansion, the net proceeds:					
(1) Will be used to establish an overseas office in South Korea or countries in Southeast Asia and to establish an international sales and marketing team;	61.45	4.10%	61.27	–	61.27
(2) Will be used for exploring potential investments and acquisitions, including talent trainee agency companies with strong talent resources in South Korea and Southeast Asia;	38.97	2.60%	–	–	–
(3) Will be used for procuring user traffic from overseas mobile new media platforms or their agents that provide traffic resources to extend our performance-based mobile new media marketing services to overseas platforms for both domestic marketers and foreign marketers that seek to market their products on overseas short-video platforms;	29.98	2.00%	–	–	–
(4) Will be used to develop overseas versions of our technology platforms; and	22.48	1.50%	–	–	–
(5) Will be used to expand overseas sales of E-commerce goods business.	–	–	–	–	–
The net proceeds to develop our culture business:	–	–	60.00	–	60.00
For our working capital and general corporate purposes:	149.88	10.00%	1.80	1.61	0.19
Total	1,498.83	100.00%	325.31	1.61	323.70

The Board has passed a resolution on March 28, 2024 to determine that the unutilized net proceeds from the Listing upon first reallocation were reallocated for the second time as follows:

	Net proceeds from the Listing upon first reallocation (including net proceeds from the exercise of the Over-allocation Option)	Approximate percentage of updated net proceeds upon first reallocation	Unutilized proceeds from the Listing upon first reallocation as of January 1, 2024	Unutilized proceeds from the Listing upon first reallocation as of March 28, 2024	Reallocation of proceeds from the Listing upon first reallocation	Proceeds upon second reallocation	Unutilized proceeds from the Listing upon second reallocation	Utilized proceeds from the Listing upon second reallocation from March 29, 2024 to December 31, 2024	Unutilized proceeds from the Listing upon second reallocation as of December 31, 2024	Expected timetable for unutilized proceeds from the Listing upon second reallocation
The intended use of the net proceeds as described in the Prospectus	(HK\$ million)	(%)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	
To develop our short-form video mobile new media monetization business, the net proceeds:										
(1) Will be used to invest in developing our self-owned user traffic;	511.11	33.61%	-	-	+30.00	541.11	30.00	29.64	0.36	over the next half year
(2) Will be used to expand our team;	61.45	4.04%	26.09	26.09	-10.00	51.45	16.09	-	16.09	over the next half year
(3) Will be used to further develop our short-form video technology infrastructure;	37.47	2.46%	7.07	7.07	-	37.47	7.07	-	7.07	over the next half year
(4) Will be used to procure high quality copyrights or ownership of high quality interactive entertainment products or license-in high quality interactive entertainment products; and	265.29	17.45%	32.16	32.16	-20.00	245.29	12.16	-	12.16	over the next half year
(5) Will be used to continuously develop and optimize our algorithms and data collection capabilities to increase the effectiveness of recommendation algorithms for short-form videos.	23.98	1.58%	1.46	1.46	-	23.98	1.46	-	1.46	over the next half year

Net proceeds from the Listing upon first reallocation (including net proceeds from the exercise of the Over-allocation Option) <i>(HK\$ million)</i>	Approximate percentage of updated net proceeds upon first reallocation <i>(%)</i>	Unutilized proceeds from the Listing upon first reallocation as of January 1, 2024 <i>(HK\$ million)</i>	Unutilized proceeds from the Listing upon first reallocation as of March 28, 2024 <i>(HK\$ million)</i>	Reallocation of proceeds from the Listing upon first reallocation <i>(HK\$ million)</i>	Proceeds upon second reallocation <i>(HK\$ million)</i>	Unutilized proceeds from the Listing upon second reallocation <i>(HK\$ million)</i>	Utilized proceeds from the Listing upon second reallocation from March 29, 2024 to December 31, 2024 <i>(HK\$ million)</i>	Unutilized proceeds from the Listing upon second reallocation as of December 31, 2024 <i>(HK\$ million)</i>	Expected timetable for unutilized proceeds from the Listing upon second reallocation
106.42	7.00%	67.21	67.21	-60.00	46.42	7.21	-	7.21	over the next half year
46.46	3.06%	-	-	+60.00	106.46	60.00	13.10	46.90	over the next half year
81.41	5.35%	45.77	45.77	-40.00	41.41	5.77	-	5.77	over the next half year
22.48	1.48%	22.48	22.48	-15.00	7.48	7.48	-	7.48	over the next half year

To continue to strengthen our capabilities in performance-based mobile new media marketing services, the net proceeds:

- (1) Will be used for potential investments in, or acquisitions of suitable licensed or large agents of top mobile we-media platforms;
- (2) Will be used for upgrading and optimizing our technologies, platforms and algorithms;
- (3) Will be used to expand our interactive entertainment product offerings; and
- (4) Will be used to increase and diversify our collaboration with licensed or large agents of popular mobile new media platforms in order to capture high-quality mobile new media resources.

Net proceeds from the Listing upon first reallocation (including net proceeds from the exercise of the Over-allotment Option) (HK\$ million)	Approximate percentage of updated net proceeds upon first reallocation (%)	Unutilized proceeds from the Listing upon first reallocation as of January 1, 2024 (HK\$ million)	Unutilized proceeds from the Listing upon first reallocation as of March 28, 2024 (HK\$ million)	Reallocation of proceeds from the Listing upon first reallocation (HK\$ million)	Proceeds upon second reallocation (HK\$ million)	Unutilized proceeds from the Listing upon reallocation (HK\$ million)	Utilized proceeds from the Listing upon second reallocation from March 29, 2024 to December 31, 2024 (HK\$ million)	Unutilized proceeds from the Listing upon second reallocation as of December 31, 2024 (HK\$ million)	Expected timetable for unutilized proceeds from the Listing upon second reallocation
61.45	4.04%	61.27	61.27	-55.00	6.45	6.27	0.14	6.13	over the next half year
40.90	2.69%	-	-	+60.00	100.90	60.00	-	60.00	over the next half year
33.40	2.20%	-	-	+30.00	63.40	30.00	-	30.00	over the next half year
18.97	1.25%	-	-	+20.00	38.97	20.00	6.89	13.11	over the next half year
60.00	3.94%	60.00	60.00	-	60.00	60.00	10.13	49.87	over the next half year
149.88	9.85%	1.80	0.19	-	149.88	0.19	-	0.19	over the next half year
1,520.67	100.00%	325.31	323.70	-	1,520.67	323.70	59.90	263.80	

To finance our international expansion, the net proceeds:

- (1) Will be used to establish an overseas office in South Korea or countries in Southeast Asia and to establish an international sales and marketing team;
- (2) Will be used for procuring user traffic from overseas mobile new media platforms or their agents that provide traffic resources to extend our performance-based mobile new media marketing services to overseas platforms for both domestic marketers and foreign marketers that seek to market their products on overseas short-video platforms;
- (3) Will be used to develop overseas versions of our technology platforms; and
- (4) Will be used to expand overseas E-commerce business.

The net proceeds to develop our culture business

For our working capital and general corporate purposes

Total

As of December 31, 2024, the remaining unutilized proceeds from the Listing upon second reallocation amounted to approximately HK\$263.80 million. Save for the first and second reallocation as disclosed above, the net proceeds from the Listing have been used according to the intended uses as previously disclosed by the Company.

As at the date of this announcement, save as disclosed above, the Directors are not aware of any material change or delay to the planned use of the net proceeds from the Listing.

USE OF PROCEEDS FROM THE PLACING

On June 6, 2022, the Company, ZZN. Ltd. (the “**Top-up Vendor**”) and Goldman Sachs (Asia) L.L.C. (the “**Placing Agent**”) entered into the Placing and Subscription Agreement, pursuant to which, (i) the Top-up Vendor agreed to sell, and the Placing Agent agreed, as agent of the Top-up Vendor, to procure on a best effort basis purchasers to purchase, 192,000,000 Placing Shares held by the Top-up Vendor (the “**Vendor Placing**”) at a price of HK\$3.14 per Placing Share; and (ii) the Top-up Vendor conditionally agreed to subscribe for (the “**Subscription**”), and the Company conditionally agreed to issue, 192,000,000 Subscription Shares at the Subscription Price, which is equivalent to the Placing Price. Completion of the Vendor Placing and the Subscription have been took place on June 9, 2022 and June 16, 2022, respectively. The Company received total net proceeds of approximately HK\$592.3 million from the Subscription, net of all applicable costs and expenses including commissions, professional fees and out-of-pocket expenses. For details, please refer to the Company’s announcements dated June 7, 2022 and June 16, 2022. As of December 31, 2023, the Company fully utilized the proceeds from the Placing to support the rapid development of the Group’s overseas sales of E-commerce goods business, and the use of the proceeds from the Placing is in line with the Company’s previously disclosed intentions.

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

During the twelve months ended December 31, 2024, neither the Company nor any of its subsidiaries has purchased or sold any of the Company’s listed securities (or sales of treasury shares ^(note) (if any)). As at December 31, 2024, the Company did not hold any treasury share ^(note).

Note: as defined in the Listing Rules.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended December 31, 2024 (2023: nil).

CORPORATE GOVERNANCE

The Group is committed to maintaining high standard of corporate governance to safeguard the interests of the Shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability. The Company has adopted the principles and code provisions of Part 2 of the CG Code as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of Part 2 of the CG Code during the year ended December 31, 2024, except for a deviation from the code provision C.2.1 of the CG Code, that the roles of Chairman and chief executive officer of the Company are not separated and are both performed by Mr. Zhu Zinan (“**Mr. Zhu**”). In view of Mr. Zhu’s experience, personal profile and his roles in the Group and that Mr. Zhu has assumed the role of chief executive officer of our Group since its establishment, the Board considers it beneficial to the business prospect and operational efficiency of our Group for Mr. Zhu acting as the Chairman and continuing to act as the chief executive officer of the Company. The Board believes that this structure will not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors, and we believe that there is sufficient check and balance in the Board; (ii) Mr. Zhu and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels. The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of Chairman and chief executive officer is necessary. Directors strive to achieve a high standard of corporate governance (which is of critical importance to our development) to protect the interest of Shareholders.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as the code of conduct regarding securities transactions by the Directors.

Having made specific enquiries of all Directors, all of them have confirmed that they have complied with the Model Code as of December 31, 2024. No incident of non-compliance of the Model Code by the employees who are likely to be in possession of inside information of the Company was noted by the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the publicly available information and to the knowledge of the Directors, the Company has maintained sufficient public float as required under the Listing Rules as at the date of this announcement.

AUDIT COMMITTEE

The Board has established the Audit Committee. The Audit Committee comprises three independent non-executive Directors, namely Mr. Tang Wei (chairman of the Audit Committee), Mr. Fang Hongwei and Mr. Huang Boyang.

The Audit Committee has reviewed with the management and the external auditors of the Company the accounting principles and policies adopted by the Company, and discussed and reviewed internal control, risk management and reporting matters.

The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended December 31, 2024. The Audit Committee considered that the audited consolidated financial statements for the year ended December 31, 2024 complied with the applicable accounting standards, the Listing Rules and all other applicable legal requirements.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 28 March 2025. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

AUDIT OPINION

The consolidated financial statements have been audited by the Group's auditor, Messrs. Deloitte Touche Tohmatsu. The independent auditor has issued an unmodified audit opinion with a "Material Uncertainty Related to Going Concern" section in the auditor's report on the Group's consolidated financial statements for the year ended 31 December 2024. An extract of the independent auditor's report is set out in the section headed "EXTRACT OF INDEPENDENT AUDITOR'S REPORT" below.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

Material Uncertainty Related to Going Concern

We draw attention to note 2 to the consolidated financial statements, which indicates that the Group's revenue for the year ended 31 December 2024 decreased by HK\$4,970,679,000 to HK\$113,313,000 as compared with the Group's revenue last year due to change of business model as set out in note 4 to the consolidated financial statements. In addition, the Group incurred a net loss of HK\$1,107,321,000 and had negative operating cash flows of HK\$54,538,000 for the year ended 31 December 2024.

The Group's ability to continue as a going concern is highly dependent on the amounts to be spent on the subsidy for traffic promotion through overseas short video platforms (the "Subsidy"). Taking into consideration that the Subsidy will not exceed HK\$100 million for the year ending 31 December 2025 and the Subsidy are incurred at the sole direction of the Group, the directors of the Company are of the opinion that the Group will have sufficient financial resources to meet its liabilities when they fall due for the next twelve months from the date of this report. Accordingly, the consolidated financial statements are prepared on a going concern basis. However, these conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

EVENT AFTER THE REPORTING PERIOD

The Group did not have any other significant events after the Reporting Period.

PUBLICATION OF THE ANNUAL RESULTS AND THE 2024 ANNUAL REPORT

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.joyspreader.com), and the annual report for the year ended December 31, 2024 containing all the information required by the Listing Rules will be dispatched to the Shareholders (if so requested), and published on the above websites in due course.

APPRECIATION

The Board would like to express its sincere gratitude to all the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

DEFINITIONS

“1P Traffic”	first-party traffic
“AIGC”	artificial intelligence generated content
“APP”	mobile application
“Audit Committee”	the audit committee of the Board
“Beijing Joysreader”	Beijing Joy Spreader Interactive Network Technology Group Co., Ltd (北京樂享互動網絡科技股份集團有限公司), a company established under the laws of the PRC with limited liability on October 9, 2008, and by virtue of the Contractual Arrangements, accounted for as our subsidiary
“Board”	the board of Directors
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	the chairman of the Board
“China” or “the PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, Macau Special Administrative Region and Taiwan
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Beijing Joysreader and its subsidiaries
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, WFOE, Beijing Joysreader and the Registered Shareholders
“Director(s)”	the director(s) of the Company
“Foreign Investment Law”	the PRC Foreign Investment Law (《中華人民共和國外商投資法》)
“FVTPL”	fair value through profit or loss
“FVTOCI”	fair value through other comprehensive income
“GDP”	gross domestic product

“GMV”	gross merchandise volume
“Group”, “the Group”, “Joy Spreader Group”, “we” or “us”	our Company, its subsidiaries and the consolidated affiliated entities at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the subsidiaries of our Company or the businesses operated by its present subsidiaries (as the case may be)
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“ICP License”	value-added telecommunications operating license (增值電信業務經營許可證)
“interactive entertainment product(s)”	interactive entertainment product(s), primarily comprising games and internet literature, etc.
“Joyspreader”, “Company”, or “We”	Joy Spreader Group Inc. (樂享集團有限公司) (formerly known as Joy Spreader Interactive Technology. Ltd (乐享互动有限公司)), a company incorporated in the Cayman Islands on February 19, 2019 as an exempted company with limited liability
“Joy Spreader International”	Joy Spreader International (HK) Limited (樂享國際有限公司), formerly known as Joy Spreader Interactive Group (HK) Limited, a company incorporated in Hong Kong on October 25, 2019 as a limited liability company and a wholly-owned subsidiary of us
“Listing”	the listing of the Shares on the Main Board on September 23, 2020
“Listing Date”	September 23, 2020, being the date on which the Shares were listed on the Main Board
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
“Main Board”	the Main Board of the Stock Exchange
“MCN”	multi-channel network, a product form of multi-channel network, is a new operation mode of internet celebrity economy

“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“Negative List”	the Special Administrative Measures (Negative List) for the Access of Foreign Investment (2024) (《外商投資准入特別管理措施(負面清單)(2024年版)》), which took effect on November 1, 2024
“Online Culture Operating License”	Online Culture Operating License (網絡文化經營許可證)
“Over-allotment Option”	has the meaning ascribed thereto in the Prospectus
“Prospectus”	the prospectus issued by the Company dated September 10, 2020
“PGC”	professional generated content
“R&D”	research and development
“Registered Shareholder(s)”	being Mr. Zhu Zinan, Nantong Pinghengchuangye Venture Capital Investment Centre (Limited Partnership) (南通平衡創業投資基金中心(有限合夥)), Beijing Zinan and His Friends Cultural Centre (Limited Partnership) (北京子南和他的小夥伴們文化中心(有限合夥)), Jiaxing Baozheng Investment Partnership (Limited Partnership) (嘉興寶正投資合夥企業(有限合夥)), Daoyoudao Technology Group Co., Ltd. (道有道科技集團股份公司), Nanjing Pingheng Capital Management Centre (General Partnership) (南京平衡資本管理中心(普通合夥)), Mr. Zhang Zhidi, Mr. Chen Liang, Mr. Guo Zhiwei, Ms. Xue Xiaoli, Ms. Zhu Xifen and Ms. Huang Huijuan, who are shareholders of Beijing Joyspreader
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of China
“Reporting Period”	the twelve months period from January 1, 2024 to December 31, 2024
“Shareholder(s)”	holder(s) of Shares
“Share(s)”	ordinary shares in the share capital of our Company with the nominal value of HK\$0.00001 each
“Share Award Scheme”	the share award scheme adopted by the Board on June 21, 2021

“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UGC”	user generated content
“WFOE”	Joy Spreader Interactive Group Co., Ltd (樂享互動集團有限公司), formerly known as Beijing Joy Spreader Interactive Technology Co., Ltd (北京樂享互動科技有限公司), a limited liability company established in the PRC on May 22, 2019 and a wholly-owned subsidiary of us

In this announcement, the terms “associate”, “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

By order of the Board
Joy Spreader Group Inc.
Zhu Zinan
Chairman

Beijing, the PRC
 March 28, 2025

As at the date of this announcement, the Board comprises Mr. Zhu Zinan, Mr. Cheng Lin and Ms. Qin Jiaxin as executive Directors; Mr. Hu Jiawei as non-executive Director; and Mr. Huang Boyang, Mr. Tang Wei and Mr. Fang Hongwei as independent non-executive Directors.