



JOY SPREADER

乐享集团

2022

INTERIM REPORT

JOY SPREADER GROUP INC.

樂享集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6988



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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhu Zinan (朱子南)
(Chairman of the Board, Chief Executive Officer)

Mr. Cheng Lin (成林)

Ms. Qin Jiaxin (秦佳鑫)

Mr. Sheng Shiwei (盛世偉)

Non-executive Directors

Mr. Hu Qingping (胡慶平)

Mr. Hu Jiawei (胡家璋)

Independent Non-executive Directors

Mr. Xu Chong (徐翀)

Mr. Tang Wei (唐偉)

Mr. Fang Hongwei (房宏偉)

AUDIT COMMITTEE

Mr. Tang Wei (唐偉) *(Chairman)*

Mr. Xu Chong (徐翀)

Mr. Hu Qingping (胡慶平)

REMUNERATION COMMITTEE

Mr. Xu Chong (徐翀) *(Chairman)*

Mr. Cheng Lin (成林)

Mr. Fang Hongwei (房宏偉)

NOMINATION COMMITTEE

Mr. Zhu Zinan (朱子南) *(Chairman)*

Mr. Xu Chong (徐翀)

Mr. Fang Hongwei (房宏偉)

AUTHORISED REPRESENTATIVES

Mr. Zhu Zinan (朱子南)

Mr. Zhang Mengchi (張夢弛)

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FINANCIAL HIGHLIGHTS

The unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2022, together with the comparative figures for the six months ended June 30, 2021 are as follows:

FINANCIAL RESULTS HIGHLIGHTS

	For the six months ended June 30		Year-on-year changes
	2022 (Unaudited)	2021 (Unaudited)	Increase/ (decrease) (%)
	<i>(HK\$ in millions, except for percentages)</i>		
Revenue	1,366.71	624.33	118.91%
Gross profit	188.46	214.07	(11.96)%
Profit for the period attributable to owners of the Company	75.48	107.42	(29.73)%
Net profit margin	5.52%	17.21%	(11.69) ⁽¹⁾
Earnings per Share			
– Basic and diluted (HK cents)	3.47	4.92	(29.47)%

Note:

(1) Changes in percentage points.

OPERATIONAL RESULTS HIGHLIGHTS

	As of June 30 or for the six months ended June 30		Year-on-year changes
	2022	2021	Increase/ (decrease) (%)
Overseas E-commerce business⁽¹⁾			
Sales (HK\$ million)	1,021.27	–	N/A
Sales volume (orders)	813,415	–	N/A
Algorithm-based marketing business			
GMV of domestic short video platform			
E-commerce marketing (HK\$ million)	310.72	647.18	(51.99)%
Number of paid actions of interactive entertainment products marketing ⁽²⁾ ('000)	95,382	242,179	(60.62)%
Average revenue per paid action (HK\$)	2.54	2.17	17.05%
R&D Investments			
R&D expenditure (HK\$ million)	46.28	29.90	54.78%
Number of data models (sets)	188	169	11.24%

Notes:

- (1) Overseas sales of E-commerce goods business commenced in the fourth quarter of 2021;
- (2) Referring to the total number of paid actions, including click, download and installation, and top-up, etc.

CORPORATE PROFILE

OVERVIEW

Joy Spreader Group is a leading mobile new media commercialization technology company. Following the global digitalization trend and the national dedication to the development of digital economy, we are committed to using digital business intelligence technology to empower our customers from E-commerce, interactive entertainment and other sectors, and to enhance the effectiveness and efficiency of their commercial activities (such as E-commerce sales, interactive entertainment product distribution, marketing activity promotion, etc.), on domestic and overseas mobile new media platforms while satisfying personalized requirements of mass consumers, forming a new mode of connection between the supply side and the consumer side, promoting transformation and upgrading of new pattern of digital consumption, and exploring business value with more potential.

The global mobile Internet is transferring from the era of displaying information to users by the order of “ranking” as the core to the new media era of distributing customized content to users by “interest-based content recommendation” as the core. Focusing on the evolving interests and demands of users, the new media platform recommends personalized content to users based on algorithms, creating a “customized” user experience, and also pushes new media platform commercialization activities to a new stage that relies on data algorithms and technologies.

Following the thriving development in number of users, time users spend online, and commercial value of new media platforms, how to leverage the algorithm-driven recommendation idea to make good use of new media traffic accurately and efficiently, and finally reach the target consumers directly, has become an important task for businesses with marketing demands when carrying out business activities in the new media era. Facing this market demand, Joy Spreader Group applies a series of digital business intelligence technologies to different new media business activity scenarios, and uses data algorithms to help customers secure target users and distribute products more accurately, so as to improve the effectiveness and efficiency of their business activities.

Currently, the principal businesses of Joy Spreader Group include algorithm-based marketing business focusing on commercialization on domestic new media, standalone website E-commerce business focusing on commercialization on overseas new media, and culture business focusing on cultivation of its own traffic. Joy Spreader Group accelerates the synergistic layout of the three principal businesses to enable customers to achieve better monetization, gradually building an industrial digital development model of “algorithm + marketing + content”, and continuously improving the closed business loop of traffic cultivation, traffic distribution, traffic conversion and traffic realization.

Currently, with gradual maturity of the domestic algorithm-based marketing market, we are continuously optimizing and improving our technical level and service capabilities, and strategically expanding our business layout from China to overseas. After optimization and iteration of our overseas standalone website E-commerce business since its launch in the fourth quarter of 2021, we have been rapidly expanding its scale, enriching its product lines and improving its supply chain, and we are developing it into a consumer electronics DTC (direct to consumer) standalone E-commerce platform with higher global competitiveness. Our cooperation with Poly Culture Group Corporation Limited (保利文化集團股份有限公司) (“**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) (“**Poly Film**”) has been gradually implemented. Poly Joy Spreader Digi-Entertainment (Beijing) Co., Ltd. (保利樂享文娛科技(北京)有限公司) (“**Poly Joy Spreader Digi-Entertainment**”), a mixed-ownership reform company, has been established in the first half of 2022 and its business will be steadily launched.

The vision and business essence of Joy Spreader Group is to create a domestically and internationally leading new media commercialization technology group integrating algorithm-based marketing, overseas E-commerce and its own traffic, so as to help our clients to improve the effectiveness and efficiency of new media business activities, and ultimately empower various industries in the consumption sector, relying on digital technology that meets the development trend of mobile Internet and business requirements, and efficiently utilizing new media traffic to promote new media commercialization, overseas E-commerce industrialization and culture business IP.

THE INDUSTRY WHERE WE OPERATE

(I) Algorithmization of content distribution: mobile Internet has entered the new media era of algorithm-driven recommendation

In recent years, the mobile Internet platform based on the interest-based content recommendation algorithm has led to a revolutionary upgrade to the global Internet ecology. The cost of data, the core asset of the mobile Internet, in production, transmission, storage, processing and modeling is significantly reduced by extensive application of cloud storage and cloud computing, which has accelerated the arrival of the algorithm-driven recommendation era.

The essence of this revolutionary upgrade lies in the fundamental changes in the way that users obtain information and content on the mobile Internet. On new media platforms, content and product recommendation received vary by each user. The “monotonous” traditional Internet era of displaying content based on bidding ranking has gradually entered the “customized” new media era of recommending content based on interest algorithms. 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 and time users spend on new media applications, which are widely recognized by users. Currently, the Internet applications based on algorithm-driven recommendation idea represented by Douyin (抖音), TikTok, Kuaishou (快手), Little Red Book (小紅書) and WeChat Video Accounts have become veritable mobile Internet portal platforms. These Internet applications recommended based on interest algorithms are what we call “new media platforms”.

(II) Algorithmization of business activities: business activities on new media platforms require the support from business intelligence technology

With support from algorithm-driven recommendation technology, the commercialization value of new media platforms is huge with user scale and time users spend reaching a higher level. Undoubtedly, the new media platforms of today are not only an important portal for users to obtain information and for leisure and entertainment, but have also become a commercial market for companies in various sectors to promote and distribute products and for content creators to monetize through traffic.

Traditional online business activities will inevitably experience innovations and reforms on new media platforms where content reaches users through recommendation algorithms. Business activities such as E-commerce, advertising and interactive entertainment may no longer rely on such traditional methods of purchasing traffic as bidding ranking and casting a wide net to reach target users to achieve expected effectiveness and efficiency. Only when businesses are promoted in line with the content recommendation logic of the new media platforms, on the basis of fully analyzing the content data and fan portraits, and intelligently and accurately matching business activities with interest-based content recommendation traffic, can the expected effectiveness and efficiency of business activities be achieved.

CORPORATE PROFILE

(III) Algorithmization of content creation: digital content has penetrated deeply into business activities on the new media platforms

The deep integration of algorithms and content is accelerating the digital transformation of content creation and production. Intelligent technology can customize personalized content based on user data and accurately distribute it to users, thus improving the cultural product consumption experience of users.

Based on the digitization of content, the applications closely related to consumption scenarios are extended to business activities to realize the commercialization of user resources. Continuous high-quality content output allows the platforms to expand user usage scenarios while achieving traffic acquisition and transformation. It is the general trend of the industry to establish a strong ecosystem of self-owned content and co-owned content, and all Internet companies consider digital content as the future growth engine.

Joy Spreader Group is a new media commercialization technology company that emerged against the backdrop and opportunities of “algorithmization of content distribution”, “algorithmization of business activities” and “algorithmization of content creation” of the global mobile Internet. Our business model is to use a series of business intelligence technologies and focus on interest-based content recommendation algorithms to help the business activities of our customers (such as E-commerce sales, interactive entertainment product distribution, marketing activity promotion, etc.) to efficiently and directly reach target consumers, allowing the commercial transformation of consumers’ personalized requirements be accomplished in shorter time, with higher efficiency and convenience through more accurate matches, while on the other hand, consumers may complete the closed loop from “demand triggering” to “commodity delivery” in a short period of time.

OUR BUSINESS

Currently, the Group's principal business is divided into three major segments, namely the algorithm-based marketing business for the commercialization on domestic new media, the overseas E-commerce business for the commercialization on overseas new media and the culture business for cultivation of self-owned traffic. The three business segments focus on the main line of new media commercialization, and have targeted layouts in different media environments, different geographical markets and different links in the industrial chain. They have a common underlying technology system, which is implemented in line with the unified logic of data analysis, label matching, algorithm-driven recommendation and transaction facilitation.

(I) Commercialization of domestic new media – algorithm-based marketing business

For algorithm-based marketing business segment, Joy Spreader Group conducts short video platform E-commerce marketing business on Douyin platform, and conducts distribution and promotion business of interactive entertainment products 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 Joy Spreader Group. In short, new media platforms recommend personalized content to Internet users, and Joy Spreader Group recommends personalized products to Internet users on this basis. Joy Spreader Group uses our data analysis system to analyze products, content and users and establish modeling for them, form data labels, and use recommendation algorithms and middle end platform technology to accurately recommend products to consumers on new media platforms and bill customers based on transformation effectiveness.

Joy Spreader Group is a leading algorithm-based marketing technology company in China. For the short video platform E-commerce marketing business line, we have helped customers sell goods amounting to HK\$2,076.43 million on Douyin platform from 2019 to the first half of 2022; and for the interactive entertainment product distribution and promotion business line, we have helped customers achieve effective paid actions of 95.38 million in the first half of 2022, including top-up, download and installation, etc.

72.80% of our employees are research and development, technical and operation personnel in Joy Spreader Group. We have developed more than 188 sets of data models for different products and media, and more than 2,797 data labels were applied to the algorithm models. This reflects the technology gene of Joy Spreader Group, which are also our valuable assets.

CORPORATE PROFILE

(II) Commercialization on overseas new media – overseas E-commerce business

“Interest-based content recommendation algorithm going overseas + digital supply chain going overseas = DTC E-commerce platform” is our summary of overseas E-commerce business.

With unprecedented commercialization opportunity brought by TikTok, we have expanded the domestic mature algorithm-based marketing model to overseas with the rapid development of overseas short video platforms. For overseas E-commerce segment, Joy Spreader Group has built its own standalone E-commerce platform to accurately obtain traffic by using overseas short video platforms. We have built a complete overseas supply chain and online and offline payment system through cooperation to complete orders and product delivery finally on our standalone E-commerce platform, thus helping domestic consumer electronics products to be sold overseas.

In the fourth quarter of 2021, upon preliminary completion of a series of preparatory work such as supply chain, standalone platform, traffic acquisition and transformation model, technical interface, payment of margin and prepayment of traffic costs, the Group took the lead in the industry to launch the standalone website E-commerce business based on a famous overseas short video platform, and realized sales revenue of HK\$147.87 million. In the first half of 2022, we continued to expand our business scale and improve our supply chain system, and recorded sales volume of 813,415 orders and sales revenue of HK\$1,021.27 million.

We have full confidence in the overseas development of interest-based content recommendation algorithm E-commerce, as well as our domestic consumer electronics products. We are committed to helping domestic companies to expand overseas sales channels that are more efficient and economical than traditional E-commerce platforms, and reach consumers directly. We are making efforts to develop Joy Spreader Group’s standalone E-commerce platform into a globally competitive consumer electronics DTC E-commerce platform.

(III) Cultivation of self-owned traffic – culture business

The culture business is a new business segment developed by Joy Spreader Group in the first half of 2022, which is still in the initial stage of development. For the culture business segment, we successfully participated in the mixed ownership reform of a central state-owned culture enterprise in March 2022, and became a strategic shareholder of Poly Joy Spreader Digi-Entertainment, a subsidiary of Poly Culture Group. We are committed to using high-quality IP and content incubation, together with PGC (Professionally Generated Content) brokerage and PGC content, to cultivate our own traffic for our new media commercialization business.

“Commercialization of DGC (Data Production Content) Service” is the original aspiration and goal of Joy Spreader Group to develop a new culture business. We believe that new media platforms are built on content, especially high-quality content and PGC content. As a company engaged in the new media commercialization business, Joy Spreader Group has been trying and waiting for the opportunity to cultivate its own traffic based on high-quality IP and content. It will reduce our costs of external procurement of traffic, while providing customized content to our customers and improving transformation of marketing.

In the future, we will try to use DGC (Data Production Content) to support content creation, so that our literary and artistic works and new media content can also enjoy the benefits of “data-based” and “algorithm-driven recommendation” in the digital age.

OUR REVENUE AND COST MODEL

According to different business types, the Group's revenue can be mainly categorised 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		
<ul style="list-style-type: none"> Short video platform E-commerce marketing Interactive entertainment and digital products marketing 	Douyin WeChat and Douyin	CPS CPS or CPA
Overseas E-commerce	A famous overseas short video platform and Joy Spreader's standalone E-commerce website	Revenue from sales of goods

OUR CORE TECHNOLOGIES

The Group has accumulated long-term and substantial project data relating to mobile new media commercialization through business practices, which has enabled the Group to build a technology platform combined with valid data collection capabilities, strong data analysis capabilities and highly automated middle end platform implementation capabilities. As a technology-driven company with data and algorithms as its core competencies, the Group is able to analyze and conduct information structure processing on data of products, new media content and anonymous behaviour of user groups through an automated platform to recommend such products distribution and marketing strategies as tailored to the new media commercial activities of our customers and ensure the effect and efficiency of such commercial activities.

The implementation of our business is highly automated through various technical aspects such as data analysis, tagging and portrait, algorithm matching, programmatic placement and performance monitoring, under the guidance of project management and technical staff. Through our own database and new media platform tools, we analyse commercial activity-related data on the product and media sides and form portrait and tagging, match the product tags with the media tags with the help of our algorithm engine, automatically monitor the conversion performance and make optimisation adjustments as necessary to achieve the best conversion results.

To ensure the execution performance of the Group's business, we make investment in R&D based on our business development needs. Especially when entering new business markets and exploring new forms of media, we will need to enhance efforts on R&D to ensure the rapid implementation of business and achieve more favorable marketing performance. In 2022, in view of the rapid development of overseas E-commerce business, we increased our R&D investment in standalone platforms, overseas short video contents and user portraits, and overseas supply chain digitization. For the six months ended June 30, 2022, the Group's total R&D expenses amounted to HK\$46.28 million.

OUR STRENGTHS AND BARRIERS

(I) Clear industry prospects and vast market space

The new media commercialization business which the Group is engaged in has clear industry prospects and vast market space. With the implementation of a digital economy strategy in China and the launch of kinds of encouragement and support policies by the government at various levels, industries related to the digital economy, including the new media commercialization technology services, begin to flourish in a more regulated market environment and with the potential for long-term growth. The development of short video platforms overseas is expected to provide valuable opportunities for the new media commercialization technology companies with data algorithm competency to go abroad and expand overseas business.

In response to the current development stage and future trends of the new media commercialization market in and out of China, we have noticed that:

- (a) China's short video platform E-commerce market is just flourishing, potentially with a trillion-level market size. 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;
- (b) The overseas short video new media platforms, with a large base of users and diversified contents, are in the early stage of commercialization and have huge commercial value and development potential. Meanwhile, China's huge export size of consumer electronics requires to expand new sales channels by leveraging overseas short video traffic;
- (c) Film and television cultural and entertainment content can attract a large amount of user traffic on new media platforms, and there is great potential for new media promotion and distribution, commercialization of contents, film and game linkage, as well as other businesses based on film and television cultural and entertainment content;
- (d) Brand marketing is investing more in the new media segment and has greater market capacity. With the fragmentation of content and content distribution based on user interests, companies with strong data analysis capabilities, middle end platform technology and 1P traffic resource (first-party traffic, refers to traffic generated by a private domain platform itself) will have the opportunity to gain a competitive advantage in the industry upgrade which combines brand marketing and new media; and
- (e) Given the national government's great efforts to develop the digital economy, there are business opportunities closely-related to new media commercialization in areas like the real economy digitalization and digital assets issuance.

(II) First-mover advantages and barriers of data and model algorithm

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. As a first-mover, we have accumulated data of industry-leading scale (also as to extensive time dimension). Data accumulation has a decisive impact on model construction and model effectiveness, which has also built a competitive barrier for the Group's leading position in the industry. Richly-structured, large-scale, time-spanning and real-time interactive data helps us better test, build and improve our algorithm models, and ensure our marketing performance and improve our services continuously.

(III) Deepened cooperation with a central culture enterprise

The new media commercialization business engaged in by the Group is inseparable from the content that users like to see and hear in various forms. In the future, new media platforms will encourage the development of PGC, which puts more focuses on the quality and compliance of contents. At the end of March 2022, the Group successfully participated in the mixed-ownership reform of Poly Joy Spreader Digi-Entertainment, a subsidiary of Poly Culture Group (a central culture enterprise), and became a strategic shareholder of Poly Culture and Entertainment Technology to establish in-depth business cooperation. As a professional central enterprise engaged in the culture industry, our partner is not only a professional PGC institution, but also has unique advantages in terms of industrial resources, and risk control and compliance. In the future, we will leverage the PGC content and stars, as well as MCN (multi-channel network) network content and celebrities under the cooperation framework to cultivate our own traffic and fans, and ultimately serve our new media commercialization business.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

- Progress of Business for the First Half of 2022

- Overseas E-commerce Business

In the first half of 2022, the Group recorded sales of HK\$1,021.27 million from overseas E-commerce business, with sales volume of 813,415 orders. The substantial increase in revenue of overseas E-commerce business in the first half of 2022 was due to the continuously increased business scale of this business, which was in the expansion stage especially in Southeast Asia region, in terms of business scale.

In the first half of 2022, the Group recorded gross profit from overseas sales of E-commerce goods of HK\$52.97 million. The reason for the substantial increase in the Group's revenue in the first half of 2022 without a substantial increase in gross profit was that the overseas E-commerce business was in the expansion stage, and the Company provided subsidies to this business and offered preferential policies to distributors in order to enhance its market share and expand to more marketing channels and sales channels, which resulted in less contribution to the Group's gross profit by this business.

- Algorithm-Based Marketing Business

- *Interactive Entertainment and Digital Product Marketing*

In the first half of 2022, the Group recorded revenue of HK\$228.88 million from interactive entertainment and digital product marketing, representing a decrease of 53.77% as compared with HK\$495.12 million of the same period last year, of which the game products realized revenue of HK\$67.63 million, representing a decrease of 82.31% as compared with HK\$382.30 million in the first half of 2021, which was due to the tightened regulatory approval of new-game license and paid literature products in China since the second half of 2021, which led to restricted new products to market under the business, thereby affecting the revenue of the business; online literature products realized revenue of HK\$46.92 million, representing a decrease of 30.30% as compared with HK\$67.32 million in the first half of 2021; applications and other products realized revenue of HK\$114.33 million, representing an increase of 151.27% as compared with HK\$45.50 million in the first half of 2021, which was due to that the Company adjusted its business strategy since the second half of 2021 to actively develop and increase non-game and literature applications product performance-based marketing business, which led to a significant increase in the revenue of this business as compared with that of the same period last year.

- *Short Video Platform E-Commerce Marketing*

In the first half of 2022, the E-commerce product GMV (gross merchandise volume) of HK\$310.72 million was achieved through the Group's marketing services, representing a decrease of 51.99% as compared with HK\$647.18 million in the first half of 2021. As the revenue from the Group's short video platform E-commerce marketing was recognized on a net basis, revenue of HK\$115.65 million was recorded in the first half of 2022, representing a decrease of 10.49% as compared with HK\$129.21 million in the first half of 2021, which was because the industrial chain (including logistics and warehousing) of the Group's domestic E-commerce business, especially in Eastern China with Shanghai as its core, was affected by the COVID-19 pandemic in the first half of 2022, which led to a slight decrease in the revenue of this business as compared with that of the same period last year.

- **Progress on Research & Development**

The Group recorded research and development expenses of HK\$46.28 million in the first half of 2022, representing an increase of 54.78% as compared with HK\$29.90 million in the first half of 2021, which was mainly due to the increased investment in research and development of overseas short video platforms marketing business by the Group with continuous expansion of the overseas sales of E-commerce goods business.

The Group is committed to establishing competitive advantage on algorithm-based big data. The data models of the Group based on various product categories amounted to 188 sets as of June 30, 2022, representing an increase of 5.62% as compared with 178 sets as of December 31, 2021. Data labels adopted by intelligent recommendation coupling model amounted to 2,797, representing an increase of 4.21% as compared with 2,684 as of December 31, 2021. The improvement of data models and enhancement of algorithm capability have made a solid foundation for the Group to improve its marketing business and expand new business categories in the future.

During the Reporting Period, the research and development expenses of the Group's overseas E-commerce department amounted to HK\$29.64 million, which were mainly used for the procurement of overseas market promotion data and the establishment of overseas market data model. There is no period-on-period research and development data for detailed reference as the establishment of the overseas market data model is still recent. The data model will play an important role in the dimension of marketing from the second half of 2022. Subsequently, the data model will be used in overseas E-commerce TOB and TOC platforms with its improvement, which will bring enormous value in various aspects, such as product recommendations and user preference discovering.

MANAGEMENT DISCUSSION AND ANALYSIS

- **Strategic Layout for the Second Half of 2022 and in the Future**

Looking forward, we will follow the new media commercialization industry chain to consolidate our existing business, and continue to develop and expand new businesses, cultivate new traffic, build new models, show new presence, continuously creating new momentums for the long-term development of the Group for further growth.

- **Expand overseas E-commerce business based on short video interest-attracted traffic**

The standalone website E-commerce business based on the interest-attracted traffic of our overseas short video platform is one of the strategic priorities of the Group. Currently, it has passed our preliminary model verification and we are expanding its application scenarios in a rapid manner. In the second half of 2022 and beyond, we will gradually improve the new technology model and service system focusing on our own standalone website by reference to the characteristics of overseas mobile new media operations and the market environment, continuing to intensify our analysis on new media contents and user portraits in different countries and regions on the traffic side, and upgrade the data model of recommendations algorithm. On the supply side, we will further expand product lines, optimize logistics and payment processes, and improve user experience. We will strive to launch the mobile applications of our standalone website as soon as practicable and accumulate users on our own platform to develop a standalone E-commerce platform of consumer electronics with global competitive edge.

The overseas E-commerce business of the Group has been first launched in many countries in Southeast Asia. Now we have made preliminary preparations and are ready to expand into other regions, such as Europe, Middle East and South America respectively, as appropriate. In the future, we will continue to expand our overseas E-commerce product offerings, continuously improve the supply chain system, expand the sales network, and extend the whole industrial chain from the product side to the sales side.

- **Collaborate with central enterprises to expand new businesses**

As another important direction for the strategic development of the Group, we will maintain in-depth and comprehensive cooperation with Poly Culture Group (a central enterprise) and Poly Film as our strategic partners to jointly broaden new business cooperation and empower the development of the industry under the guidance of the “14th Five-Year Plan” and “Digital Economy Development Strategy” of China. In particular, we have commenced research, demonstration and preliminary attempts in the incubation of film and television culture and entertainment contents, online publicity, digital asset-related business, digitalization of E-commerce product of state-owned and central enterprise and related businesses. Besides, Poly Joy Spreader Digi-Entertainment, a company co-founded by us with Poly Culture Group, a central state-owned culture enterprise, has jointly developed the digital collection business with JD.com to help traditional industries with technological and digital exploration and extend the value chain of digital collections, which will also be commercialized in the near future. Our business cooperation with our strategic partners, i.e., the central state-owned enterprises, is expected to be materialized gradually.

- **Boost first-party traffic via diversified channels**

The Group is committed to cultivating the first-party content and traffic via various channels to improve the customer service capabilities and profitability of the Group. In addition to the new media cooperation on film and television contents with central enterprises as strategic partners, we will continue to cultivate new media accounts, 1P contents and traffic that have in-depth cooperation with the Group through strategic alliances, investment, incubation and other channels to provide new media contents tailored to our customers, increase consumption conversions rate and further reduce traffic costs. The first-party contents and traffic will (i) facilitate the Group's development of new mobile media marketing businesses such as domestic and overseas E-commerce and interactive entertainment; and (ii) enable the Group to closely integrate data algorithm ability with new mobile media culture contents in responding to the government's call for "building cultural prosperity in the new era" to promote the integrated and innovative development of cultural industries and new network media.

- **Maintain R&D investment to support the rapid development of overseas E-commerce and other new businesses**

As a technology company focusing on data algorithm and providing new media commercialization services on international and multi-platform basis, the Group will enhance our core skills, continuously improving technological capabilities and level of services, maximizing the momentum of data assets, accelerating the construction of solid business barriers, and facilitating our business development with innovative and high-quality services to further consolidate our leading position in the industry.

For new business sectors such as overseas E-commerce and cultural business, we will increase our R&D investment in, including but not limited to, our own standalone E-commerce platform, traffic algorithm model, intelligent supply chain system, film and entertainment contents incubation, new media promotion, digital asset-related businesses, digitalization of E-commerce product of state-owned and central enterprises, to promote the continuous launch of new business segments and provide continuous momentum for the long-term development of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

The revenue of the Group increased by 118.91% from approximately HK\$624.33 million for the six months ended June 30, 2021 to approximately HK\$1,366.71 million for the six months ended June 30, 2022. Such increase was mainly due to the continuously increased business scale of the Group's overseas sales of E-commerce goods business, which is in the expansion stage, providing strong impetus for the Group's performance growth.

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

	For the six months ended June 30			
	2022 (Unaudited)	Percentage %	2021 (Unaudited)	Percentage %
	<i>(HK\$ million, except for percentages)</i>			
Marketing revenue from interactive entertainment and digital products	228.88	16.75%	495.12	79.30%
Games	67.63	4.95%	382.30	61.23%
Online literature	46.92	3.43%	67.32	10.78%
Apps and others	114.33	8.37%	45.50	7.29%
Marketing revenue from domestic E-commerce products	115.65	8.46%	129.21	20.70%
Sales revenue from overseas E-commerce goods	1,021.27	74.72%	–	–
Revenue from other businesses	0.91	0.07%	–	–
Total revenue	1,366.71	100.00%	624.33	100.00%

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 increased by 187.19% from approximately HK\$410.26 million for the six months ended June 30, 2021 to approximately HK\$1,178.24 million for the six months ended June 30, 2022, which was primarily attributable to the expansion of business scale and the corresponding increase of cost of revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and Gross Profit Margin

For the six months ended June 30, 2022, the gross profit of the Group amounted to approximately HK\$188.46 million, representing a decrease of 11.96% as compared with approximately HK\$214.07 million for the six months ended June 30, 2021. The slight decrease in gross profit was mainly attributable to that (i) the gross profit declined because of decreased scale of the Group's domestic interactive entertainment and E-commerce businesses due to the tightened regulatory approval of new-game license in China since the second half of 2021 and the impact of the COVID-19 pandemic; (ii) the Group proactively expanded its overseas sales of E-commerce goods business, and provided subsidies to this business and offered preferential policies to distributors in order to enhance its market share and expand to more marketing channels and sales channels, which resulted in less contribution to the Group's gross profit by this business.

For the six months ended June 30, 2022, the gross profit margin of the Group was 13.79%, representing a decrease of 20.50 percentage points as compared with 34.29% for the six months ended June 30, 2021. The decrease in gross profit margin was mainly attributable to lower gross profit of the overseas sales of E-commerce goods business despite its higher proportion of contribution to our revenue, which resulted in a decrease in the overall gross profit margin.

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

	For the six months ended June 30			
	2022 (Unaudited)	Percentage %	2021 (Unaudited)	Percentage %
	<i>(HK\$ million, except for percentages)</i>			
Marketing gross profit from interactive entertainment and digital products	74.12	39.33%	148.79	69.51%
Games	15.58	8.27%	100.33	46.87%
Online literature	16.81	8.92%	24.27	11.34%
Apps and others	41.73	22.14%	24.19	11.30%
Marketing gross profit from domestic E-commerce products	60.59	32.15%	65.28	30.49%
Gross profit from overseas sales of E-commerce goods	52.97	28.11%	–	–
Gross profit from other businesses	0.78	0.41%	–	–
Total gross profit	188.46	100.00%	214.07	100.00%

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income

The other income of the Group increased by 286.45% from approximately HK\$5.24 million for the six months ended June 30, 2021 to approximately HK\$20.25 million for the six months ended June 30, 2022, mainly attributable to (i) the revenue from film and television drama investment projects of approximately HK\$11.74 million in the first half of 2022; (ii) the increase in government grants and interest income of HK\$3.27 million as compared with that of the same period last year.

Other Expenses

For the six months ended June 30, 2022, the Group's other expenses increased by approximately HK\$10.87 million, which was mainly attributable to the additional amortization of cost of the Group's film and television drama investment projects in the first half of 2022.

Other Gains and Losses

For the six months ended June 30, 2022, the other gains and losses of the Group were gains of approximately HK\$3.92 million (for the six months ended June 30, 2021: losses of approximately HK\$30.70 million), which was mainly due to an exchange gain of HK\$6.00 million in the first half of 2022 as compared with an exchange loss of HK\$29.75 million in the same period last year.

Distribution and Selling Expenses

The distribution and selling expenses of the Group increased by 59.34% from approximately HK\$24.25 million for the six months ended June 30, 2021 to approximately HK\$38.64 million for the six months ended June 30, 2022, which was mainly due to increasing overseas sales of E-commerce goods business promotion expenses during the Reporting Period as compared with the same period last year.

Administrative Expenses

The administrative expenses of the Group increased by 54.01% from approximately HK\$25.55 million for the six months ended June 30, 2021 to approximately HK\$39.35 million for the six months ended June 30, 2022, primarily due to (i) the increase in staff costs and professional service fees with business expansion of the Group; (ii) the significant increase in depreciation and amortization and office-related expenses as compared with that of the same period last year.

Research and Development Expenses

The research and development expenses of the Group primarily consist of expenses on data analysis and algorithm modeling, especially expenses on data analysis and algorithm modeling of domestic E-commerce products marketing business and overseas sales of E-commerce goods business, and remuneration and benefits expenses for technical personnel in relation to the development of technology platforms.

The research and development expenses of the Group increased by 54.78% from approximately HK\$29.90 million for the six months ended June 30, 2021 to approximately HK\$46.28 million for the Reporting Period, which was mainly due to the increased investment in research and development in relation to business carried around overseas short video platforms marketing business by the Group with continuous expansion of the overseas sales of E-commerce goods business.

Finance Costs

During the Reporting Period, the finance costs of the Group were interest expenses of lease liabilities arising from leasing properties during the Reporting Period.

Profit for the Reporting Period

As a result of the foregoing, the Group's profit for the period decreased by 29.73% from HK\$107.42 million for the six months ended June 30, 2021 to HK\$75.48 million for the Reporting Period.

Trade and Other Receivables and Deposits

The Group had trade and other receivables and deposits of HK\$452.04 million and HK\$1,027.21 million as at December 31, 2021 and June 30, 2022, respectively.

As at June 30, 2022, the balance of trade receivables of the Group amounted to HK\$244.45 million, representing a decrease of 43.82% as compared with HK\$435.12 million as at December 31, 2021, which was mainly attributable to the comprehensive impact of the decrease in the corresponding trade receivables due to decreased revenue from performance-based marketing services in the first half of 2022 and the shorter collection cycle of the overseas sales of E-commerce goods business.

Other receivables and deposits are deposits to suppliers for expanding overseas sales of E-commerce goods business, employee petty cash expenses, rental deposits, etc. As at June 30, 2022, the balance of other receivables and deposits of the Group amounted to HK\$782.76 million, representing 46.26 times of HK\$16.92 million as at December 31, 2021, which was mainly because the Group reached an agreement with a traffic procurement service provider in May 2022 to transfer part of the prepaid procurement traffic payment into the prepaid deposits paid to platforms to expand the overseas sales of E-commerce goods business.

Loan Receivables

The Group had loan receivables of HK\$18.35 million and HK\$37.48 million as at December 31, 2021 and June 30, 2022, respectively. The increase in loan receivables of the Group was primarily attributable to the grant of loan receivables by the Group in the first half of 2022.

Prepayments

The Group had prepayments of HK\$1,188.93 million and HK\$717.27 million as at December 31, 2021 and June 30, 2022, respectively, which consist of the prepayments for purchases of traffic, prepayments for purchases of E-commerce goods, prepayments for consulting services and other prepayments. The decrease in the Group's prepayments was primarily because the Group reached an agreement with a traffic procurement service provider in May 2022 to transfer part of the prepaid procurement traffic payment into the prepaid deposits paid to platforms to expand the overseas sales of E-commerce goods business.

Equity Instruments at Fair Value through Other Comprehensive Income

The Group had equity instruments at fair value through other comprehensive income of HK\$39.14 million and HK\$40.93 million as at December 31, 2021 and June 30, 2022, respectively, which was mainly due to the additional investments in the equity interests in an unlisted company during the current period.

MANAGEMENT DISCUSSION AND ANALYSIS

Bank Balances and Cash

The Group had bank balances and cash of HK\$619.04 million and HK\$985.49 million as at December 31, 2021 and June 30, 2022, respectively. The increase in bank balances and cash of the Group was primarily due to the proceeds from placement of shares in June 2022 by the Company.

Trade and Other Payables

The trade and other payables of the Group primarily consist of (i) purchase for data traffic; and (ii) other payables, primarily representing accrued finance expenses, tax payables and compensation payable to employees.

The trade payables of the Group decreased by 89.44% from HK\$67.25 million as at December 31, 2021 to HK\$7.10 million as at June 30, 2022, which was mainly attributable to the on-time settlement with data traffic suppliers in the first half of 2022.

The other payables of the Group decreased by 38.60% from HK\$55.68 million as at December 31, 2021 to HK\$34.19 million as at June 30, 2022, which was mainly attributable to the waiver of underwriting fees of HK\$21.84 million by an international underwriter in March 2022 and the additional finance expenses payables arising from placement of shares during the current period.

Lease Liabilities

The lease liabilities of the Group increased by 155.30% from HK\$17.18 million as at December 31, 2021 to HK\$43.86 million as at June 30, 2022, which was primarily due to new leased properties during the Reporting Period.

Liquidity and Capital Resources

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

	For the six months ended June 30	
	2022 (Unaudited)	2021 (Unaudited)
	HK\$ million	
Net cash used in operating activities	(151.35)	(244.66)
Net cash used in investing activities	(47.68)	(0.61)
Net cash from (used in) financing activities	583.44	(52.71)
Net increase (decrease) in cash and cash equivalents	384.41	(297.98)
Cash and cash equivalents at the beginning of the period	619.04	1,210.45
Effect of foreign exchange rate changes	(17.96)	(10.75)
Cash and cash equivalents at the end of the period	985.49	901.72

As at June 30, 2022, cash and cash equivalents were mainly denominated in RMB, United States dollars and HK\$.

MANAGEMENT DISCUSSION AND ANALYSIS

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, research and development cost, and administrative expenses.

For the six months ended June 30, 2022, our net cash used in operating activities was HK\$151.35 million (for the six months ended June 30, 2021: HK\$244.66 million), which is mainly due to the comprehensive impact of the increase of account receivable collection and the increase of prepayment in the first half of 2022.

Cash Flow from Investing Activities

Our cash used in investing activities primarily consist of purchase of fixed assets, purchase of financial assets at fair value through profit or loss, purchase of equity instruments at fair value through other comprehensive income, investments in an associate, grant and recovery of loan receivables.

For the six months ended June 30, 2022, our net cash used in investing activities was HK\$47.68 million (for the six months ended June 30, 2021: HK\$0.61 million), which was mainly due to purchase of fixed assets, financial assets at fair value through profit or loss, equity instruments at fair value through other comprehensive income, and grant and recovery of loan receivables.

Cash Flow from Financing Activities

Our cash inflow from financing activities primarily related to placing of shares in June 2022.

For the six months ended June 30, 2022, our net cash generated from financing activities was HK\$583.44 million (for the six months ended June 30, 2021: net cash used in financing activities of HK\$52.71 million), which was mainly due to the proceeds from placement of shares in June 2022 by the Company.

Capital Expenditures

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

	For the six months ended June 30	
	2022 (Unaudited) HK\$ million	2021 (Unaudited)
Fixed assets	21.21	14.02
Right-of-use assets	38.00	1.56
Total	59.21	15.58

MANAGEMENT DISCUSSION AND ANALYSIS

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 associates.

Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed "Future Plans and Use of Proceeds" in the prospectus of the Company dated September 10, 2020 and in the part headed "Use of Proceeds from Listing" in this interim report, the Group does not have any other plans for material investments or capital assets.

Segment Information

Details of segment information are set out in Note 5 to the condensed consolidated financial statements.

Indebtedness

Bank Borrowings

As at June 30, 2022 and up to the date of this interim report, the Group did not have any bank borrowings.

Contingent Liabilities, Charges of Assets and Guarantees

Contingent Liabilities

As at June 30, 2022, 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.

Charges of Assets and Guarantees

As at June 30, 2022, 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 at June 30, 2022, the gearing ratio of the Group was 3.56% (as at December 31, 2021: 5.77%).

Current Ratio

Current ratio represents current assets divided by current liabilities. Current ratio increased from 16.66 times as of December 31, 2021 to 49.06 times as of June 30, 2022, which was mainly due to the increase in current assets arising from the proceeds from placement of shares in June 2022.

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 arises.

Employees and Remuneration Policies

As at June 30, 2022, the Group had about 114 employees in the PRC and overseas (as at December 31, 2021: 78 employees). The majority of the Group's employees were based in the PRC. As of June 30, 2022, over 72.80% of our employees were research and development, technical and operation personnel.

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 and housing provident fund 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 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 merit-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.

MANAGEMENT DISCUSSION AND ANALYSIS

Share Award Scheme

The Company has adopted a share award scheme (the “Share Award Scheme”) on June 21, 2021 (the “Adoption Date”) 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. The summary of the Share Award Scheme is as follows:

(I) Duration and termination of the Share Award Scheme

Unless terminated earlier by the Board in accordance with the Share Award Scheme Rules, the Share Award Scheme is valid and effective for a term of 10 years commencing from the Adoption Date. The Share Award Scheme shall terminate on the earlier of (i) the 10th year from the Adoption Date; and (ii) such date of early termination as determined by the Board provided that such termination shall not affect any subsisting rights of any Selected Participant. Upon termination, (i) no further grant of Award Shares may be made under the Share Award Scheme; (ii) all Award Shares and the related income shall become vested in the Selected Participant so referable on such date of termination; and (iii) net sale proceeds (after making appropriate deductions) of the Returned Shares and such non-cash income together with the residual cash and such other funds remaining in the Trust shall be remitted to the Company forthwith after the sale.

(II) Share Award Scheme Limit

The Board shall not make any further Award of Award Shares in case that the award of the Shares by the Board under the Share Award Scheme will result in the nominal value of such Shares exceeding ten per cent of the issued share capital of the Company from time to time.

The maximum number of Shares which may be awarded to any Selected Participant under the Share Award Scheme shall not exceed one per cent of the issued share capital of the Company from time to time in any 12-month period.

(III) Administration of the Share Award Scheme

The Share Award Scheme is subject to the administration of the Board and the Trustee in accordance with the terms stated in the Share Award Scheme Rules and the terms of the Trust Deed.

(IV) Voting rights of the Award Shares

Notwithstanding that the Trustee is the legal registered holder of the Shares held upon trust pursuant to the Trust Deed, the Trustee shall not exercise the voting rights attached to such Shares.

(V) Operation of the Share Award Scheme

The Board may, in respect of the Share Award Scheme and after having regard to the requirement under the Share Award Scheme, determine the number of Shares to be purchased as Scheme Shares, and cause to be paid the purchase price for the Scheme Shares and the related expenses to the Trustee who will purchase the Scheme Shares. The Trustee shall apply the entire amount without deduction (except for transaction levy, stamp duty and other statutory fees) towards the purchase of the maximum number of board lots of Shares at the prevailing market price.

The Board may, from time to time, at its absolute discretion select any director, employee, consultant and adviser of the Group (other than any person who is resident in a place where the award and/or the vesting and transfer of the Award Shares is not permitted under the laws and regulations of such place or where compliance with applicable laws and regulations in such place makes it necessary to exclude such person) for participation in the Share Award Scheme as a Selected Participant and determine the Award Shares for each of them.

Upon receipt of the instruction from the Board as to the name of Selected Participant(s) and the number of Award Shares to be granted to the Selected Participant(s), the Trustee shall make relevant arrangement to convert the Scheme Shares to the Award Shares for the relevant Selected Participant(s).

(VI) Vesting and lapse of the Share Award Scheme

When the Selected Participant(s) has (have) satisfied all vesting conditions specified by the Board at the time of making the Award and becomes entitled to the Shares forming the subject of the Award, the Trustee shall transfer the relevant Award Shares to the Selected Participant(s) or their Nominee(s). The Vesting Date shall be on any Business Day at the end of the month specified by the Company of any year, but in any event not later than 12 months after the Reference Date.

An Award lapses when (i) the relevant Selected Participant ceases to be an employee of the Group; or (ii) any fraud or serious misconduct, violation of laws or regulations, or damage to the interests of the Company by Selected Participant; or (iii) an order for the withdrawal of Listing and the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company), the Award shall automatically lapse forthwith and the Award Shares shall not vest on the relevant Vesting Date but shall become Returned Shares for the purposes of the Share Award Scheme.

During the six months ended June 30, 2022, 2,752,000 Shares were purchased by the Trustee from the market at an average price of approximately HK\$2.65 per Share, with an aggregate amount of HK\$7,279,530. No Shares were granted to eligible employees pursuant to the Share Award Scheme during the six months ended June 30, 2022. At the end of the Reporting Period, 52,240,000 Shares were held by the Trustee. The Trustee, being Futu Trustee Limited, shall from 2023 abstain from voting on matters that require shareholders' approval under the Listing Rules, unless otherwise required by law to vote in accordance with the beneficial owner's direction and such a direction is given.

For details of the Share Award Scheme, please refer to the Company's announcement dated June 21, 2021.

Changes in Directors' Information

According to Rule 13.51B(1) of the Listing Rules, the changes in information on the Directors of the Company required to be disclosed are as follows:

During the Reporting Period, the Company was informed by Mr. Hu Jiawei, a Director, that Mr. Hu Jiawei has resigned as a director of Jiangsu Ruifeng Information Technology Co., Ltd. (whose shares are listed on the NEEQ (stock code: 871949)) in November 2021.

Mr. Zhu Zinan, Mr. Hu Qingping and Mr. Tang Wei, all being Directors, hold office of three years commencing on the day of the conclusion of the annual general meeting of the Company which was held on June 17, 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION

OUR MAJOR SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES

As at 30 June, 2022 the Group has the following major subsidiaries and consolidated affiliated entities:

Subsidiaries	Place of Establishment	Date of Establishment
Joy Spreader Interactive Technology (HK) Limited	Hong Kong	March 28, 2019
Joy Spreader Interactive Group (HK) Limited	Hong Kong	October 25, 2019
Beijing Joy Spreader Interactive Technology Co., Ltd	Beijing, PRC	May 22, 2019
Horgos Joyspreader Interactive Technology Co., Ltd	Horgos, PRC	March 24, 2020
Joy Spreader (Nanjing) Investment Co., Ltd	Nanjing, PRC	November 17, 2020
Joy Spreader (Nanjing) Interactive Technology Co., Ltd	Nanjing, PRC	November 23, 2020

Consolidated Affiliated Entities	Place of Establishment	Date of Establishment
Beijing Joyspreader	Beijing, PRC	October 9, 2008
Horgos Wuyou Internet Technology Co., Ltd	Horgos, PRC	March 20, 2017
Beijing Wuyou Technology Co., Ltd	Beijing, PRC	July 30, 2014
Horgos Yaoxi Internet Technology Co., Ltd	Horgos, PRC	March 19, 2017
Horgos Zhipu Shulian Internet Technology Co., Ltd	Horgos, PRC	January 7, 2020
Hainan Joy Spreader International Technology Ltd	Sanya, PRC	July 20, 2021
Beijing Joy Spreader Huayue Culture Technology Ltd	Beijing, PRC	August 18, 2021
Horgos Lexiang Huayue Culture Technology Co., Ltd	Horgos, PRC	December 31, 2021

PROPERTIES

Our headquarters is located in Beijing. As of the date of this interim report, we did not have any owned properties and we leased 20 properties with an aggregate gross floor area of approximately 6,590.26 square meters from independent third parties. Our leased properties are primarily used as premises for our offices.

CONTRACTUAL ARRANGEMENTS

The Group has entered into the Contractual Arrangements with WFOE, Beijing Joyspreader and the Registered Shareholders, to enable us to, among other things, (i) obtain substantially all of the economic benefits from Beijing Joyspreader in consideration for the management and consultation services provided by the Company in this regard; (ii) exercise effective control over Consolidated Affiliated Entities; and (iii) hold an exclusive option to purchase all or any part of equity interests in Beijing Joyspreader where permitted by PRC laws. Accordingly, through the Contractual Arrangements, our Consolidated Affiliated Entities' results of operations, assets and liabilities, and cash flows will be consolidated into the Company's financial statements.

Please refer to the section headed "Contractual Arrangements" in the Prospectus for details. For the six months ended June 30, 2022, 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 formally passed by the 13th 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. foreign investors invest through any other methods under laws, administrative regulations, or provisions prescribed by 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 sets out in a unified manner the special management measures for foreign investment access, such as the requirements of equity interest and senior executives. Where any foreign investor directly or indirectly holds shares, equity, properties or other interests in any domestic enterprise, such domestic enterprise is not allowed or limited to invest in any sector set out in the Guidance Catalog of Industries for Foreign Investment (《外商投資產業指導目錄》). 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 Negative List, which was revised in 2021, 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

During the Reporting Period and up to the date of this interim report, 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.

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.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company 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 the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code for the six months ended June 30, 2022, except for a deviation from the code provision C.2.1 of the CG Code, the roles of chairman of the Board and chief executive officer of the Company are not separate and are both performed by Mr. Zhu Zinan. 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 of the Board 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 our Board requires approval by at least a majority of our 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 our Company and will make decisions for our 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 our 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 our Group in order to assess whether separation of the roles of chairman of the Board 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.

The Board will continue to review and monitor the Group's corporate governance practices to ensure compliance with the CG Code and maintain a high standard of corporate governance.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (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 for the six months ended June 30, 2022. 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.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at June 30, 2022, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Interests in Shares or underlying Shares of the Company

Name of Director	Nature of interest	Number of Shares/ underlying Shares ⁽¹⁾	Approximate percentage of shareholding interest
Mr. Zhu	Interest in controlled corporation ⁽²⁾	833,409,400 (L)	35.14%
ZZN. Ltd.	Beneficial owner	747,298,300 (L)	31.51%
Laurence mate. Ltd.	Beneficial owner	86,111,100 (L)	3.63%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares and the underlying Shares of the Company.
- (2) 747,298,300 Shares and 86,111,100 Shares of the Company are held by ZZN. Ltd. and Laurence mate. Ltd. respectively. Mr. Zhu held 100% interests of ZZN. Ltd. and 90% interests of Laurence mate. Ltd., and therefore Mr. Zhu is deemed to be interested in the Shares held by ZZN. Ltd. and Laurence mate. Ltd. under the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interests in Shares or Underlying Shares of Beijing Joyspreader

Name of Director	Nature of interest	Number of shares of Beijing Joyspreader ⁽¹⁾	Approximate percentage of shareholding interest in Beijing Joyspreader
Mr. Zhu	Beneficial owner	7,472,983 (L)	45.81%
	Interest in controlled corporation ⁽²⁾	1,111,111 (L)	6.81%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares and the underlying Shares of the Company.
- (2) Mr. Zhu held 90% equity interests of Beijing Zinan and Friends, which in turn held 1,111,111 shares of Beijing Joyspreader, and therefore Mr. Zhu is deemed to be interested in the shares held by Beijing Zinan and Friends in Beijing Joyspreader under the SFO.

Save as disclosed above, as at June 30, 2022, so far as it was known to the Directors or chief executive of the Company, none of the Directors or chief executive of the Company had interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations as recorded in the register required to be kept, pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at June 30, 2022, so far as it was known to the Directors or chief executive of the Company, the following persons had interests and/or short positions in the Shares or underlying Shares as recorded in the register required to be kept by the Company under section 336 of the SFO.

Interests in Shares or Underlying Shares of the Company

Name of Shareholder	Nature of interest	Number of Shares/ underlying Shares ⁽¹⁾	Approximate percentage of shareholding interest
Mr. Zhu	Interest in controlled corporation ⁽²⁾	833,409,400 (L)	35.14%
ZZN. Ltd.	Beneficial owner ⁽³⁾	747,298,300 (L)	31.51%
Laurence mate. Ltd.	Beneficial owner ⁽⁴⁾	86,111,100 (L)	3.63%
Shenzhen Nanhai Growth	Beneficial owner ⁽⁵⁾	124,610,400 (L)	5.25%
NT Balance Capital Ltd.	Beneficial owner ⁽⁶⁾	118,795,300 (L)	5.01%
Balance Capital Group Ltd.	Beneficial owner ⁽⁷⁾	72,727,100 (L)	3.07%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares and the underlying Shares of the Company.
- (2) Mr. Zhu held 100% interests of ZZN. Ltd. and 90% interests of Laurence mate. Ltd.
- (3) ZZN. Ltd. is a limited liability company incorporated in the BVI and wholly owned by Mr. Zhu.
- (4) Laurence mate. Ltd. is owned as to 90% by Mr. Zhu and 10% by Mr. Zhang Zhidi.
- (5) Each of Shenzhen Nanhai Chengzhangtongying (sole shareholder of Shenzhen Nanhai Growth), Cowin Jinxiu Capital Firm (深圳同創錦繡資產管理有限公司) (general partner of Shenzhen Nanhai Chengzhangtongying), Shenzhen Cowin Asset Management Co., Ltd (深圳同創偉業資產管理股份有限公司) (sole shareholder of Cowin Jinxiu Capital Firm), Shenzhen Cowin Venture Capital Co., Ltd. (深圳市同創偉業創業投資有限公司) (holding approximately 35.01% equity interests of Shenzhen Cowin Asset Management Co., Ltd.), Mr. Zheng Weihe (鄭偉鶴) (holding 45% equity interests of Shenzhen Cowin Venture Capital Co., Ltd.) and Ms. Huang Li (黃荔) (holding 55% equity interests of Shenzhen Cowin Venture Capital Co., Ltd.) is deemed to be interested in the Shares held by Shenzhen Nanhai Growth under the SFO.
- (6) Each of Nantong Pinghengchuangye (sole shareholder of NT Balance Capital Ltd.), Nantong Pingheng Capital Management Center (Limited Partnership) (南通平衡資本管理中心(有限合夥)) ("Nantong Pingheng Capital", general partner of Nantong Pinghengchuangye), Nanjing Pingheng Capital (general partner of Nantong Pingheng Capital), Mr. Lv Xueqiang (呂學強) (general partner of Nanjing Pingheng Capital), Nantong Luhai Tongchou Growth Fund Co., Ltd (南通陸海統籌發展基金有限公司) (limited partner holding 40% equity interests of Nantong Pinghengchuangye) and Nantong Finance Bureau (holding 75% equity interest of Nantong Luhai Tongchou Growth Fund Co., Ltd) is deemed to be interested in the Shares held by NT Balance Capital Ltd. under the SFO.
- (7) Each of Nanjing Pingheng Capital (sole shareholder of Balance Capital Group Ltd.) and Mr. Lv Xueqiang (呂學強) (general partner of Nanjing Pingheng Capital) is deemed to be interested in the Shares held by Balance Capital Group Ltd. under the SFO. Mr. Lv Xueqiang is also the ultimate controller of NT Balance Capital Ltd.

Save as disclosed above, as at June 30, 2022, the Directors and chief executive of the Company were not aware of any other person who had an interest or short position in the Shares or underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 Allotment Results, 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).

The utilization of Original Net Proceeds from the Listing of the Group as of August 31, 2022 is analyzed 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	Utilized Original Net Proceeds from the Listing as of June 30, 2022	Unutilized Original Net Proceeds from the Listing as of June 30, 2022	Utilized Original Net Proceeds from the Listing as of August 31, 2022	Unutilized Original Net Proceeds from the Listing as of August 31, 2022
	(HK\$ million)	(%)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)

To develop our short-form video mobile new media monetization business, the net proceeds from the listing:

(1) Will be used to invest in developing our self-owned user traffic;	511.11	34.10%	492.28	18.83	492.78	18.83
(2) Will be used to expand our team;	61.45	4.10%	35.36	26.09	35.36	26.09
(3) Will be used to further develop our short-form video technology infrastructure;	37.47	2.50%	28.37	9.10	28.37	9.10
(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%	233.13	32.16	233.13	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%	22.52	1.46	22.52	1.46

USE OF PROCEEDS FROM LISTING (Continued)

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) (HK\$ million)	Approximate percentage of Original Net Proceeds from the Listing (%)	Utilized Original Net Proceeds from the Listing as of June 30, 2022 (HK\$ million)	Unutilized Original Net Proceeds from the Listing as of June 30, 2022 (HK\$ million)	Utilized Original Net Proceeds from the Listing as of August 31, 2022 (HK\$ million)	Unutilized Original Net Proceeds from the Listing as of August 31, 2022 (HK\$ million)
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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%	36.21	70.21	36.21	70.21
(2) Will be used for upgrading and optimizing our technologies, platforms and algorithms;	46.46	3.10%	24.40	22.06	24.40	22.06
(3) Will be used to expand our interactive entertainment product offerings; and	121.41	8.10%	35.64	85.77	35.64	85.77
(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

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%	–	61.45	–	61.45
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CORPORATE GOVERNANCE AND OTHER INFORMATION

USE OF PROCEEDS FROM LISTING (Continued)

The intended use of the net proceeds from the listing as described in the Prospectus	Original	Approximate	Utilized	Unutilized	Utilized	Unutilized
	Net Proceeds					
	from the Listing	percentage	Original	Original	Original	Original
	(including net	of Original	Net Proceeds	Net Proceeds	Net Proceeds	Net Proceeds
	proceeds from	from the	from the	from the	from the	from the
	the exercise	Net Proceeds	Listing as of	Listing as of	Listing as of	Listing as of
	of the Over	from the	June 30, 2022	June 30, 2022	August 31, 2022	August 31, 2022
	– allotment	Listing	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)
	Option)	(%)				
	(HK\$ million)					
(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%	–	38.97	–	38.97
(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; and	29.98	2.00%	15.18	14.80	15.18	14.80
(4) Will be used to develop overseas versions of our technology platforms;	22.48	1.50%	14.82	7.66	14.82	7.66
For our working capital and general corporate purposes	<u>149.88</u>	<u>10.00%</u>	<u>120.88</u>	<u>29.00</u>	<u>126.38</u>	<u>23.50</u>
Total	<u>1,498.83</u>	<u>100.00%</u>	<u>1,058.79</u>	<u>440.04</u>	<u>1,064.29</u>	<u>434.54</u>

On March 8, 2022, after arm's length negotiations 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.

USE OF PROCEEDS FROM LISTING (Continued)

Due to the reasons set out in the paragraph headed “Reasons for and Benefits of the Change in the Use of Proceeds from the Listing” below, the Board has passed a resolution on August 31, 2022 to determine that the unutilized Original Net Proceeds from the Listing as of August 31, 2022 and the Increased Net Proceeds from the Listing (the “**Unutilized Proceeds from the Listing**”) are reallocated as follows:

The intended use of the net proceeds from the listing	Original Net Proceeds from the Listing (including net proceeds from the exercise of the Over – allotment Option) (HK\$ million)	Approximate percentage of Original Net Proceeds from the Listing (%)	Unutilized Original Net Proceeds from the Listing as of August 31, 2022 (HK\$ million)	Reallocated Updated Net Proceeds from the Listing (HK\$ million)	Net proceeds from the listing upon reallocation (HK\$ million)	Unutilized Proceeds from the Listing upon reallocation (HK\$ million)	Approximate percentage of Updated Net Proceeds from the Listing (%)	Expected timetable for the use of Unutilized Proceeds from the Listing
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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%	18.83	–	511.11	18.83	33.61%	over the next three years
(2) Will be used to expand our team;	61.45	4.10%	26.09	–	61.45	26.09	4.04%	over the next three years
(3) Will be used to further develop our short-form video technology infrastructure;	37.47	2.50%	9.10	–	37.47	9.10	2.46%	over the next three years
(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	–	265.29	32.16	17.45%	over the next three years
(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	–	23.98	1.46	1.58%	over the next three years

CORPORATE GOVERNANCE AND OTHER INFORMATION

USE OF PROCEEDS FROM LISTING (Continued)

The intended use of the net proceeds from the listing	Original	Approximate	Unutilized	Reallocated	Net proceeds	Unutilized	Approximate	Expected timetable for
	Net Proceeds							
	from the Listing	of Original	from the	Proceeds	from the	from the	of Updated	the use of Unutilized
	(including net	Net Proceeds	Listing as of	from the	listing upon	Listing upon	Net Proceeds	Proceeds from
	proceeds from	from the	August 31, 2022	Listing	reallocation	reallocation	from the	the Listing
	the exercise	Listing	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	Listing upon	
	of the Over	Option)					reallocation	
	- allotment	(HK\$ million)					(%)	
	Option)	(%)					(%)	
	(HK\$ million)	(%)	(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%	70.21	-	106.42	70.21	7.00%	over the next three years
(2) Will be used for upgrading and optimizing our technologies, platforms and algorithms;	46.46	3.10%	22.06	-	46.46	22.06	3.06%	over the next three years
(3) Will be used to expand our interactive entertainment product offerings; and	121.41	8.10%	85.77	-40.00	81.41	45.77	5.35%	over the next three years
(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	22.48	1.48%	over the next three years

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%	61.45	-	61.45	61.45	4.04%	over the next three years
(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%	38.97	-38.97	-	-	-	over the next three years

USE OF PROCEEDS FROM LISTING (Continued)

The intended use of the net proceeds from the listing	Original	Approximate	Unutilized	Reallocated	Net proceeds	Unutilized	Approximate	Expected timetable for
	Net Proceeds		Original				percentage	
	(including net	of Original	Net Proceeds	Updated Net	from the	from the	Net Proceeds	the use of Unutilized
	proceeds from	Net Proceeds	from the	Proceeds	listing upon	Proceeds	from the	Proceeds from
	the exercise	from the	Listing as of	from the	reallocation	from the	Listing upon	the Listing
	of the Over	Listing	August 31, 2022	Listing		reallocation	reallocation	
	– allotment	August 31, 2022						
	Option)	Listing	August 31, 2022	Listing				
	(HK\$ million)	(%)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)	(%)	
(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%	14.80	+10.92	40.90	25.72	2.69%	over the next three years
(4) Will be used to develop overseas versions of our technology platforms; and	22.48	1.50%	7.66	+10.92	33.40	18.58	2.20%	over the next three years
(5) Will be used to expand overseas E-commerce business.	–	–	–	+18.97	18.97	18.97	1.25%	over the next three years
The net proceeds to develop our culture business:	<u>–</u>	<u>–</u>	<u>–</u>	<u>+60.00</u>	<u>60.00</u>	<u>60.00</u>	<u>3.94%</u>	<u>over the next three years</u>
For our working capital and general corporate purposes:	<u>149.88</u>	<u>10.00%</u>	<u>23.50</u>	<u>–</u>	<u>149.88</u>	<u>23.50</u>	<u>9.85%</u>	<u>over the next three years</u>
Total	<u>1,498.83</u>	<u>100.00%</u>	<u>434.54</u>	<u>21.84</u>	<u>1,520.67</u>	<u>456.38</u>	<u>100.00%</u>	

CORPORATE GOVERNANCE AND OTHER INFORMATION

REASONS FOR AND BENEFITS OF THE CHANGE IN THE USE OF PROCEEDS FROM THE LISTING

The Board is of the opinion that it is necessary for the Group to further intensify its investment in culture business and overseas E-commerce business. The Board believes that the change in the use of gross proceeds from the Listing is beneficial for the Group to satisfy its current operational requirements, and is therefore in the best interests of the Group and the Shareholders as a whole.

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 taken 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.

The Company intends to apply the net proceeds to support the rapid development of the Group’s overseas E-commerce business for expanding the scale and consolidating its market position. The Company intends to fully utilize the net proceeds received from the Subscription within the next five years. This expected timeline is based on the best estimation of future market conditions and business operations made by the Company, and remains subject to change based on current and future development of market conditions and actual business needs.

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

Save as disclosed in note 14 to the condensed consolidated financial statements in this interim report, neither the Company nor any of its subsidiaries or consolidated affiliated entities has purchased or sold any of the Company’s listed securities during the Reporting Period. The Company cancelled 5,341,000 Shares which were repurchased by the Company in 2021 on April 26, 2022.

REVIEW OF INTERIM RESULTS

The independent auditors of the Company, namely Deloitte Touche Tohmatsu, have carried out a review of the interim financial information in accordance with the Hong Kong Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”, issued by the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Audit Committee currently comprises two independent non-executive Directors, namely Mr. Tang Wei and Mr. Xu Chong, and one non-executive Director, namely Mr. Hu Qingping. The chairman of the Audit Committee is Mr. Tang Wei. The Audit Committee has jointly reviewed with the management and the independent auditors of the Company the accounting principles and policies adopted by the Company and discussed internal control and financial reporting matters (including the review of the unaudited interim results for the six months ended June 30, 2022) of the Group. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2022 (for the six months ended June 30, 2021: Nil).

APPRECIATION

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

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

Beijing, the PRC, August 31, 2022

REPORT ON REVIEW OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TO THE BOARD OF DIRECTORS OF JOY SPREADER GROUP INC.

(Incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of Joy Spreader Group Inc., formerly known as Joy Spreader Interactive Technology. Ltd (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) set out on pages 43 to 69, which comprise the condensed consolidated statement of financial position as of 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain explanatory notes. The Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board. The directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (“**HKSRE 2410**”) issued by the Hong Kong Institute of Certified Public Accountants. A review of these condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

31 August 2022

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Notes	Six months ended 30 June	
		2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Revenue	4	1,366,706	624,332
Cost of revenue		(1,178,242)	(410,261)
Gross profit		188,464	214,071
Other income	6	20,248	5,235
Other expenses	7	(10,868)	–
Other gains and losses	8	3,919	(30,695)
Impairment losses under expected credit loss model, net of reversal	9	(3,951)	(698)
Distribution and selling expenses		(38,642)	(24,248)
Administrative expenses		(39,349)	(25,550)
Research and development expenses		(46,278)	(29,902)
Share of results of associates		74	–
Finance costs		(493)	(552)
Profit before taxation	10	73,124	107,661
Income tax credit (expense)	11	2,355	(240)
Profit for the period attributable to owners of the Company		75,479	107,421
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		(107,700)	25,102
Fair value gain on equity instruments at fair value through other comprehensive income		–	71
Income tax relating to item that will not be reclassified		–	(11)
		(107,700)	25,162
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		349	–
Other comprehensive (expense) income for the period, net of income tax		(107,351)	25,162
Total comprehensive (expense) income for the period attributable to owners of the Company		(31,872)	132,583
Basic and diluted earnings per share (HK cents)	13	3.47	4.92

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

		As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	14	62,760	52,005
Right-of-use assets	14	42,927	11,325
Intangible assets		7,239	8,666
Interests in associates		36,388	36,764
Deferred tax assets		7,707	4,787
Rental deposits	16	4,477	2,931
Loan receivables	17	5,262	–
Financial assets at fair value through profit or loss	19	5,847	–
Equity instruments at fair value through other comprehensive income	15	40,929	39,143
		213,536	155,621
CURRENT ASSETS			
Inventories		1,275	–
Trade and other receivables and deposits	16	1,022,735	449,108
Loan receivables	17	32,218	18,346
Prepayments	18	717,270	1,188,931
Financial assets at fair value through profit or loss	19	3,485	5,383
Investments in films and television dramas		12,217	23,850
Bank balances and cash		985,494	619,036
		2,774,694	2,304,654
CURRENT LIABILITIES			
Trade and other payables	20	41,293	122,932
Contract liabilities		1,575	–
Lease liabilities		12,749	14,404
Income tax payable		942	986
		56,559	138,322
NET CURRENT ASSETS		2,718,135	2,166,332
TOTAL ASSETS LESS CURRENT LIABILITIES		2,931,671	2,321,953

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	<i>Notes</i>	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
NON-CURRENT LIABILITIES			
Lease liabilities		31,110	2,775
Financial liabilities at fair value through profit or loss	21	16,838	–
Deferred tax liabilities		1,758	949
		49,706	3,724
NET ASSETS			
		2,881,965	2,318,229
CAPITAL AND RESERVES			
Share capital	22	24	22
Reserves		2,881,941	2,318,207
TOTAL EQUITY			
		2,881,965	2,318,229

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital HK\$'000	Treasury stocks HK\$'000	Fair value				Statutory reserve funds HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
			Share premium HK\$'000	comprehensive income reserve HK\$'000	through other					
At 1 January 2022 (Audited)	22	(150,002)	1,745,119	21,213	163,764	142,617	395,496	2,318,229		
Profit for the period	-	-	-	-	-	-	75,479	75,479		
Exchange difference on translation from functional currency to presentation currency	-	-	-	-	-	(107,700)	-	(107,700)		
Exchange difference related to foreign operations	-	-	-	-	-	349	-	349		
Other comprehensive expense for the period	-	-	-	-	-	(107,351)	-	(107,351)		
(Loss) profit and total comprehensive (expense) income for the period	-	-	-	-	-	(107,351)	75,479	(31,872)		
Issue of shares (<i>note 22</i>)	2	-	602,878	-	-	-	-	602,880		
Transaction costs attributable to issue of shares (<i>note 22</i>)	-	-	(21,833)	-	-	-	-	(21,833)		
Cancellation of shares (<i>note 22</i>)	-	11,950	(11,950)	-	-	-	-	-		
Purchase of shares under Share Award Scheme (<i>note 23</i>)	-	(7,280)	-	-	-	-	-	(7,280)		
Reduction of share issuance costs in connection with the listing of the shares (<i>note 20</i>)	-	-	21,841	-	-	-	-	21,841		
At 30 June 2022 (Unaudited)	24	(145,332)	2,336,055	21,213	163,764	35,266	470,975	2,881,965		

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	Share capital HK\$'000	Treasury stocks HK\$'000	Fair value				Statutory reserve funds HK\$'000	Translation reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
			Share premium HK\$'000	comprehensive income reserve HK\$'000	through other	reserve				
At 1 January 2021 (Audited)	22	-	1,745,119	21,073	33,034	78,130	281,584	2,158,962		
Profit for the period	-	-	-	-	-	-	107,421	107,421		
Changes in fair value of equity instruments	-	-	-	60	-	-	-	60		
Exchange difference on translation from functional currency to presentation currency	-	-	-	-	-	25,102	-	25,102		
Other comprehensive income for the period	-	-	-	60	-	25,102	-	25,162		
Profit and total comprehensive income for the period	-	-	-	60	-	25,102	107,421	132,583		
Purchase of shares under Share Award Scheme (note 23)	-	(35,363)	-	-	-	-	-	(35,363)		
Appropriation of statutory reserve funds	-	-	-	-	134,015	-	(134,015)	-		
At 30 June 2021 (Unaudited)	22	(35,363)	1,745,119	21,133	167,049	103,232	254,990	2,256,182		

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Cash used in operations	(151,354)	(244,658)
Income tax paid	–	–
Net cash used in operating activities	(151,354)	(244,658)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(21,210)	(12,889)
Purchase of financial assets at fair value through profit or loss (“FVTPL”)	(5,847)	(8,572)
Purchase of equity instrument at fair value through other comprehensive income (“FVTOCI”)	(3,691)	–
Repayment of loan receivables	8,116	19,400
Increase in loan receivables	(28,228)	–
Acquisition of a subsidiary	–	(1,128)
Interest received	4,409	2,578
Investment in an associate	(1,230)	–
Net cash used in investing activities	(47,681)	(611)
FINANCING ACTIVITIES		
Increase in financial liabilities at FVTPL	16,838	–
Purchase of shares under share award scheme	(7,280)	(35,363)
Repayment of lease liabilities	(9,665)	(3,432)
Interest paid	(493)	(552)
Proceeds from issue of shares	593,005	–
Payment of share issue costs	(8,960)	(13,366)
Net cash from (used in) financing activities	583,445	(52,713)
Net increase (decrease) in cash and cash equivalents	384,410	(297,982)
Cash and cash equivalents at beginning of the period	619,036	1,210,447
Effect of foreign exchange rate changes	(17,952)	(10,745)
Cash and cash equivalents at end of the period, represented by bank balances and cash	985,494	901,720

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 Law of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) on 23 September 2020. The address of the Company’s registered office is located at the office of Sertus Incorporations (Cayman) Limited, Sertus Chambers, Governors Square, Suite #5-204, 23 Lime Tree Bay Avenue, P.O. Box 2547, Grand Cayman, KY1-1104, Cayman Islands. 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 and the consolidated affiliated entities (hereinafter collectively referred to as the “**Group**”) are provision of digital marketing business and the relevant services and sales of E-commerce goods.

On 30 June 2021, a special resolution was passed by the annual general meeting of the Company that the English name of the Company was changed from “Joy Spreader Interactive Technology. Ltd” to “Joy Spreader Group Inc.”, while the Chinese name of the Company was changed from “乐享互动有限公司” to “樂享集團有限公司” simultaneously. On 7 July 2021, the Registrar of Companies in the Cayman Islands issued a certificate of incorporation on change of name to the Company.

The ultimate holding company and immediate holding company of the Company are ZZN. Ltd. 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 condensed 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 Stock Exchange, for the convenience of the financial statements users, the directors of the Company (the “**Directors**”) adopted HK\$ as presentation currency.

2. Basis of Preparation

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“**IAS 34**”) issued by the International Accounting Standards Board (the “**IASB**”) as well as the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

3. Principal Accounting Policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair values, as appropriate.

The accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those presented in the Group's consolidated financial statements for the year ended 31 December 2021.

Application of amendments to International Financial Reporting Standards ("IFRSs")

In the current interim period, the Group has applied the following amendments to IFRSs issued by the IASB, for the first time, which are mandatory effective for the annual periods beginning on or after 1 January 2022 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IFRS 3	Reference to the Conceptual Framework
Amendments to IFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to IAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to IAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to IFRSs	Annual Improvements to IFRSs 2018-2020

The application of the amendments to IFRSs in the current interim period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

4. Revenue

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Types of goods or services		
Provision of performance-based we-media marketing services		
Interactive entertainment and digital products marketing	228,879	495,124
E-commerce products marketing	115,652	129,208
Others	910	–
	345,441	624,332
Sales of E-commerce goods	1,021,265	–
	1,366,706	624,332
Timing of revenue recognition		
A point in time	1,366,706	624,332

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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.

During the six months ended 30 June 2021, the CODM reviewed the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group had only one reportable segment and no further analysis of this single segment was presented. In this regard, no segment information was presented.

During the second half year of 2021, the Group commenced the business engaging in sales of E-commerce goods, and it is considered as a new operating and reportable segment by the CODM.

Specifically, the Group's operating and reportable segments in the current interim period under IFRS 8 are as follows:

- the "provision of performance-based we-media marketing services" segment which 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
- the "sales of E-commerce goods" segment which comprises the sales of E-commerce goods on an online basis.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

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 six months ended 30 June 2022

	Provision of performance-based we-media marketing services HK\$'000 (Unaudited)	Sales of E-commerce goods HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue from external customers	<u>345,441</u>	<u>1,021,265</u>	<u>1,366,706</u>
Segment profit (loss)	<u>88,468</u>	<u>(6,722)</u>	<u>81,746</u>
Share of results of associates			74
Unallocated corporate expenses			<u>(6,341)</u>
Profit for the period			<u>75,479</u>

Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of central administration costs, directors' emoluments, partial foreign exchange losses and loss from changes in fair value of financial assets at FVTPL. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

5. Segment Information (Continued)

Geographical information

Information about the Group's revenue from external customers is presented based on the location of the operations.

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Mainland China	345,441	624,332
Hong Kong	1,021,265	–
	1,366,706	624,332

6. Other Income

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income on bank deposits	3,158	2,014
Interest income on loan receivables	1,251	564
Income from investments in films and television dramas	11,737	–
Government grants	4,102	2,657
	20,248	5,235

7. Other Expenses

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Amortisation of investments in films and television dramas	10,868	–

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

8. Other Gains and Losses

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Foreign exchange (gains) losses, net	(6,000)	29,753
Loss (gain) from changes in fair value of financial assets at FVTPL	1,898	(303)
Others	183	1,245
	(3,919)	30,695

9. Impairment Losses Under Expected Credit Loss Model, Net of Reversal

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net impairment losses recognised (reversed) in respect of:		
trade receivables	2,437	997
other receivables	1,514	(299)
	3,951	698

The basis of determining the inputs and assumptions and the estimation techniques used in the condensed consolidated financial statements for the six months ended 30 June 2022 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2021.

10. Profit Before Taxation

Profit before taxation has been arrived at after charging the following items:

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	7,371	1,595
Depreciation of right-of-use assets	4,847	4,659
Amortisation of intangible assets (included in administrative expenses)	1,078	1,420
Amortisation of investments in films and television dramas	10,868	–
	24,164	7,674

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

11. Income Tax (Credit) Expense

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax:		
the People's Republic of China (the "PRC") Enterprise		
Income Tax	–	811
Deferred tax	(2,355)	(571)
	<u>(2,355)</u>	<u>240</u>

12. Dividends

No dividend were paid, declared or proposed during the six months ended 30 June 2022 (six months ended 30 June 2021: nil). The Directors have determined that no dividend will be paid in respect of the six months ended 30 June 2022 (six months ended 30 June 2021: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

13. Earnings Per Share

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

	Six months ended 30 June	
	2022	2021
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Earnings		
Profit for the period attributable to owners of the Company	<u>75,479</u>	<u>107,421</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share	<u>2,176,471</u>	<u>2,185,042</u>
Basic and diluted earnings per share (HK cents)	<u>3.47</u>	<u>4.92</u>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share for the six months ended 30 June 2022 has been arrived at after deducting shares held by share award scheme trust as set out in note 23 and adjusted for the issuance of new shares as set out in note 22(b).

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended 30 June 2021 has been arrived at after deducting shares held by share award scheme trust as set out in note 23.

During the six months ended 30 June 2022 and 2021, there was no potential ordinary share outstanding with diluted impact.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

14. Property, Plant and Equipment and Right-of-Use Assets

During the six months ended 30 June 2022, the Group acquired property, plant and equipment with an aggregate amount of HK\$21,210,000 (six months ended 30 June 2021: HK\$14,017,000).

During the six months ended 30 June 2022, the Group entered into several new lease agreements with lease terms ranging from 3.6 to 5 years (six months ended 30 June 2021: 2 years). On date of lease commencement, the Group recognised right-of-use assets of HK\$37,996,000 (six months ended 30 June 2021: HK\$1,567,000) and lease liabilities of HK\$37,996,000 (six months ended 30 June 2021: HK\$1,567,000).

15. Equity Instruments at Fair Value Through Other Comprehensive Income

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Unlisted:		
– Equity investments	40,929	39,143

Equity instruments at FVTOCI as at 31 December 2021 represented the Group's 19.916% equity interests in 北京影瀾視界科技有限公司 (“**Yingyi Technology**”), an unlisted company established in the PRC.

During the six months ended 30 June 2022, the Group newly acquired 10% equity interests in 海南全民聚星文化傳媒有限公司 (“**Hainan Juxing**”), an unlisted company established in the PRC.

The Directors have elected to designate these investments in equity instruments as at FVTOCI as they believe that the investments are not held for trading and not expected to be sold in the foreseeable future. Details of the fair value measurement are disclosed in note 24.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

16. Trade and Other Receivables and Deposits

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Trade receivables	266,589	455,810
Less: Allowance for credit losses	(22,142)	(20,692)
	<u>244,447</u>	<u>435,118</u>
Deposits for expanding overseas E-commerce markets (<i>note 18</i>)	750,000	–
Receivables of income from investments in films and television dramas	11,366	–
Other receivables and deposits	26,071	20,273
Less: Allowance for credit losses	(4,672)	(3,352)
	<u>782,765</u>	<u>16,921</u>
Total trade and other receivables and deposits	<u>1,027,212</u>	<u>452,039</u>
Analysis as		
Non-current	4,477	2,931
Current	1,022,735	449,108
	<u>1,027,212</u>	<u>452,039</u>

The Group usually allows a credit period of 90 days to its customers which is interest free with no collateral.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

16. Trade and Other Receivables and Deposits (Continued)

Aging of trade receivables net of allowance for credit losses, is prepared based on invoice date, which approximated the respective revenue recognition date, are as follows:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Within 3 months	98,637	234,844
3-6 months	47,209	128,732
7-12 months	89,493	71,542
Over 12 months	9,108	–
	<u>244,447</u>	<u>435,118</u>

17. Loan Receivables

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Fixed-rate loan receivables	<u>37,480</u>	<u>18,346</u>
Analysis as		
Non-current	5,262	–
Current	<u>32,218</u>	<u>18,346</u>
	<u>37,480</u>	<u>18,346</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

17. Loan Receivables (Continued)

The exposure of the Group's fixed-rate loan receivables to interest rate risks and their contractual maturity dates are as follows:

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Within one year	32,218	18,346
In more than one year but not more than two years	5,262	–
	37,480	18,346

The range of effective interest rates (which are equal to contractual interest rates) on the Group's loan receivables is as follows:

	Six months ended 30 June 2022 HK\$'000 (Unaudited)	Year ended 31 December 2021 HK\$'000 (Audited)
Fixed-rate loan receivables	6%-14%	6%

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

18. Prepayments

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Prepayments for purchases of traffic	628,052	1,182,368
Prepayments for purchases of E-commerce goods	40,197	–
Prepayments for consulting services	31,903	–
Other prepayments	17,118	6,563
	<u>717,270</u>	<u>1,188,931</u>

The following table shows the movements in prepayments for purchases of traffic for the six months ended 30 June 2022:

	Prepayments for purchases of traffic HK\$'000
At 1 January 2022 (Audited)	1,182,368
Newly prepaid	549,349
Utilised	(294,240)
Transfer to deposits (<i>note</i>)	(750,000)
Exchange realignment	(59,425)
At 30 June 2022 (Unaudited)	<u>628,052</u>

Note: In May 2022, the Group entered into several agreements with the largest traffic supplier, pursuant to which, the Group changed the intended use of the prepayments for purchases of traffic to deposits for expanding overseas E-commerce markets amounting to HK\$750,000,000 (see note 16).

Subsequent to the end of the current interim period, prepayments for purchases of traffic amounting to HK\$38,935,000 were utilised in July 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

19. Financial Assets at Fair Value Through Profit or Loss

Financial assets at FVTPL as at 31 December 2021 represented the Group's investment in a private fund, through which the Group invested in JD Logistics, Inc. ("JDL"), a company listed on the Stock Exchange.

During the six months ended 30 June 2022, the Group newly invested in another private fund focusing on angel investments.

The Directors have measured these financial assets as at FVTPL as they believe that the investments are held for trading and expected to be sold in the foreseeable future. Details of the fair value measurement are disclosed in note 24.

20. Trade and Other Payables

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Trade payables	7,101	67,246
Employee compensation payable	11,968	12,538
Other tax payable	1,563	613
Accrued listing expense/share issue costs (note)	16,837	35,170
Payables for intangible assets	2,105	2,202
Other payables and accruals	1,719	5,163
	41,293	122,932

Note: On 8 March 2022, the Company completed its negotiations and entered into a debt exemption agreement with one of the international underwriters in connection with the listing of the shares of the Company on the Main Board of Stock Exchange, pursuant to which, the Company was exempted from this international underwriter of the underwriting fee amounting to HK\$21,841,000. Such exempted fee reduced the accrued share issue costs recorded as part of trade and other payables and was written back to share premium within equity of the Group on 8 March 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

20. Trade and Other Payables (Continued)

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

	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Within 3 months	4,795	64,834
1-2 years	2,306	2,412
	<u>7,101</u>	<u>67,246</u>

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

21. Financial Liabilities at Fair Value Through Profit or Loss

In May 2022, a subsidiary of the Group, Joy Spreader (Nanjing) Interactive Technology Co., Ltd (“**Joy Spreader Nanjing**”), and an associate of the Group, Yangzhou Pingheng Digital Internet Cultural Industry Development Fund (Limited Partnership) (“**Pingheng Fund**”), entered into a series of agreements (the “**Agreements**”), pursuant to which, Joy Spreader Nanjing and Pingheng Fund established Yangzhou Joys Sreader Huayue Culture Technology Ltd (“**Yangzhou Huayue**”) in May 2022. Pursuant to the Agreements, Joy Spreader Nanjing hold 70% equity interests and Pingheng Fund hold the rest 30% equity interests in Yangzhou Huayue. As at 30 June 2022, RMB33,600,000 (equivalent to HK\$39,290,000) and RMB14,400,000 (equivalent to HK\$16,838,000) was injected to Yangzhou Huayue by Joy Spreader Nanjing and Pingheng Fund, respectively.

According to the Agreements, the Group has the obligation to repurchase the 30% equity interest in Yangzhou Huayue before the end of the term of 36 months since the signing date of the Agreements, and the final date of repurchase is at the main discretion of Joy Spreader Nanjing. The consideration of repurchase would be no less than the higher of (i) the sum of the principal and interests bearing a fixed interest rate of 9%, less any dividend received from Yangzhou Huayue; and (ii) the proportion of the net assets of Yangzhou Huayue at the date of repurchase.

Joy Spreader Nanjing accounts for Yangzhou Huayue as a wholly owned subsidiary, taking into account that the Group can exercise control over Yangzhou Huayue, the compulsory repurchase arrangement and Pingheng Fund does not expose to any risks as equity holder of Yangzhou Huayue, the transaction as a whole has been considered as a loan granted to the Group to reflect the economic substance of the Arrangements. The Group classified the loan as non-current financial liabilities measured at FVTPL in the condensed consolidated financial statements as at 30 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

22. Share Capital

	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.00001 each		
Authorised		
At 1 January 2021, 30 June 2021, 1 January 2022, 30 June 2022	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid		
At 1 January 2021	<u>2,185,268,200</u>	<u>21,853</u>
Shares purchased under Share Award Scheme (<i>note 23</i>)	<u>(11,495,000)</u>	<u>–</u>
At 30 June 2021	<u>2,173,773,200</u>	<u>21,853</u>
Shares purchased under Share Award Scheme (<i>note 23</i>)	<u>(37,993,000)</u>	<u>–</u>
Shares repurchased pending for cancellation (<i>note a</i>)	<u>(5,341,000)</u>	<u>–</u>
At 31 December 2021	<u>2,130,439,200</u>	<u>21,853</u>
Shares purchased under Share Award Scheme (<i>note 23</i>)	<u>(2,752,000)</u>	<u>–</u>
Cancellation of shares (<i>note a</i>)	<u>–</u>	<u>(53)</u>
Issue of shares (<i>note b</i>)	<u>192,000,000</u>	<u>1,920</u>
At 30 June 2022	<u>2,319,687,200</u>	<u>23,720</u>
	As at 30 June 2022 HK\$'000 (Unaudited)	As at 31 December 2021 HK\$'000 (Audited)
Presented as	<u>24</u>	<u>22</u>

Notes:

- The ordinary shares repurchased in 2021 were cancelled during the six months ended 30 June 2022.
- Upon the completion of all conditions as stated in a placing and subscription agreement entered into by the Company, ZZN. Ltd. ("ZZN"), the Company's immediate holding company, and a placing agent dated 6 June 2022, (1) a total of 192,000,000 shares of the Company held by ZZN were placed at HK\$3.14 per share to not less than six places on 6 June 2022; and (2) a total of 192,000,000 new shares of the Company were subscribed by ZZN at HK\$3.14 per share on 16 June 2022. Net proceeds of approximately HK\$593,005,000, after deducting the underwriting fee of HK\$9,875,000, were received by the Company. Total issuance cost, including the underwriting fee, amounting to HK\$21,833,000 was deducted from share premium. Details of the placing and subscription are set out in the announcements published by the Company dated 6 June 2022 and 16 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

23. Share Based Payment Transactions

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 six months ended 30 June 2022, the Trustee purchased a total of 2,752,000 (six months ended 30 June 2021: 11,495,000) shares of the Company with a consideration of HK\$7,280,000 (six months ended 30 June 2021: HK\$35,363,000). The cost of the shares purchased was recognised in equity as treasury stocks. During the six months ended 30 June 2022 and 2021, no participant was selected as the Selected Participants, thus no share had been granted. As at 30 June 2022 and 31 December 2021, all purchased shares of the Company were held by the Trustee.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

24. Fair Value Measurements of Financial Instruments

(i) Financial instruments carried at fair value

The Group measures its following financial instruments at fair value as at 30 June 2022 on a recurring basis:

Financial assets	Fair value		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs as at 30 June 2022	Relationship of unobservable inputs to fair value
	as at 30 June 2022 (Unaudited)	Fair value hierarchy				
Unlisted equity securities – Yingyi Technology	HK\$37,421,000	Level 3	Income approach the discounted cash flow method was used to capture the present value of the expected future economic benefits, to be derived from the ownership of this investee, based on an appropriate discount rate	Long-term revenue growth rate Discount rate	2.5% 16.0%	The higher the long-term revenue growth rate, the higher the fair value vice versa (note a) The higher the discount rate, the lower the fair value, vice versa (note b)
Unlisted equity securities – Hainan Juxing	HK\$3,508,000	Level 2	Market approach	Recent transaction price	N/A	N/A
Investment in private fund – for angel investments	HK\$5,847,000	Level 2	Market approach	Recent transaction price	N/A	N/A
Investment in private fund – for JDL	HK\$3,485,000	Level 1	Quoted bid prices in an active market	N/A	N/A	N/A

Financial liabilities	Fair value		Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs as at 30 June 2022	Relationship of unobservable inputs to fair value
	as at 30 June 2022 (Unaudited)	Fair value hierarchy				
Obligation to repurchase the equity interests in a subsidiary	HK\$16,838,000	Level 2	Market approach	Recent transaction price	N/A	N/A

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

24. Fair Value Measurements of Financial Instruments (Continued)

(i) Financial instruments carried at fair value (Continued)

The Group measures its following financial instruments at fair value as at 31 December 2021 on a recurring basis:

Financial assets	Fair value as at 31 December 2021 (Unaudited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs as at 31 December 2021	Relationship of unobservable inputs to fair value
Unlisted equity Securities – Yingyi Technology	HK\$39,143,000	Level 3	Income approach the discounted cash flow method was used to capture the present value of the expected future economic benefits, to be derived from the ownership of this investee, based on an appropriate discount rate	Long-term revenue growth rate Discount rate	2.5% 17.0%	The higher the long-term revenue growth rate, the higher the fair value vice versa (Note a) The higher the discount rate, the lower the fair value, vice versa (Note b)
Investment in private fund – for JDL	HK\$5,383,000	Level 1	Quoted bid prices in an active market	N/A	N/A	N/A

Notes:

- A 1% increase/decrease in the long-term growth rate holding all other variables constant would increase/decrease the carrying amount of unlisted equity securities by HK\$2,669,000 as at 30 June 2022 (31 December 2021: HK\$1,800,000).
- A 1% increase/decrease in the discount rate holding all other variables constant would decrease/increase the carrying amount of unlisted equity securities by HK\$3,062,000 as at 30 June 2022 (31 December 2021: HK\$1,676,000).

There were no transfers between Level 1, level 2 and level 3 during the six months ended 30 June 2022.

As there was no equity transaction of Yingyi Technology happened during the last interim period, the Company could not get available recent transaction price information in the market to determine the fair value of Yingyi Technology as at 30 June 2021. As a result, these equity instruments were transferred from level 2 to level 3 during six months ended 30 June 2021.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2022

24. Fair Value Measurements of Financial Instruments (Continued)

(ii) Reconciliation of level 3 measurements

The following table represents the reconciliation of level 3 measurements throughout the interim period.

	Unlisted equity securities HK\$'000
At 1 January 2022 (Audited)	39,143
Exchange realignment	(1,722)
At 30 June 2022 (Unaudited)	<u>37,421</u>
At 1 January 2021 (Audited)	–
Transfer from level 2 to level 3	37,862
Net gain in other comprehensive income	71
Exchange realignment	434
At 30 June 2021 (Unaudited)	<u>38,367</u>

(iii) Fair values of financial instruments carried at other than fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in these condensed consolidated financial statements approximate their fair values.

25. Related Party Transactions

Compensation of key management personnel

	Six months ended 30 June	
	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)
Fee	176	257
Salaries and other benefits-in-kind	2,802	2,370
Contributions to retirement benefits scheme	121	155
Discretionary bonus	1,785	1,016
	<u>4,884</u>	<u>3,798</u>

DEFINITIONS

“AGM”	the annual general meeting of the Company held on June 17, 2022
“app ”	mobile application
“Audit Committee”	the audit committee of the Board
“Beijing Daoyoudao”	Daoyoudao Technology Group Co., Ltd. (道有道科技集團股份有限公司, formerly known as 道有道(北京)科技股份有限公司), a company listed on the NEEQ with stock code 832896, established under the laws of the PRC on June 12, 2007
“Beijing Joyspreader”	Beijing Joy Spreader Interactive Network Technology Co., Ltd (北京樂享互動網絡科技股份有限公司), 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
“Beijing Zinan and Friends”	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)), a limited partnership set up under the laws of the PRC on July 6, 2016 which is directly owned as to 90% by Mr. Zhu and 10% by Mr. Zhang Zhidi (張之的)
“Board”	the board of Directors
“Corporate Governance Code”	the Corporate Governance Code as set out in Appendix 14 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 annual report, Hong Kong, Macau Special Administrative Region and Taiwan
“Companies Law”	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
“Consolidated Affiliated Entities”	the entities we control through the Contractual Arrangements, namely Beijing Joyspreader and its subsidiaries
“Contractual Arrangements”	the series of contractual arrangements entered into by, among others, WFOE, Beijing Joyspreader 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
“GMV”	gross merchandise volume
“MCN”	multi-channel network, a product form of multi-channel network, is a new operation mode of internet celebrity economy

DEFINITIONS

“Group”, “the 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
“interactive entertainment product(s)”	interactive entertainment product(s), primarily comprising games and internet literature, etc.
“Joy Spreader”, “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
“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
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“Nanjing Pingheng Capital”	Nanjing Balance Capital Management Centre (General Partnership) (南京平衡資本管理中心(普通合夥)), a general partnership set up under the laws of the PRC on March 6, 2013
“Nantong Pinghengchuangye”	Nantong Pinghengchuangye Venture Capital Investment Centre (Limited Partnership) (南通平衡創業投資基金中心(有限合夥)), a limited partnership set up under the laws of the PRC on June 11, 2015
“Nomination Committee”	the nomination committee of the Board
“Mr. Zhu”	Mr. Zhu Zinan (朱子南), our Chairman, executive Director, chief executive officer and one of our Controlling Shareholders
“Over-allotment Option”	has the meaning ascribed thereto in the Prospectus
“Prospectus”	the prospectus issued by the Company dated September 10, 2020
“R&D”	research and development

DEFINITIONS

“Registered Shareholder(s)”	being Mr. Zhu Zinan, Shenzhen Nanhai Chengzhangtongying, Nantong Pinghengchuangye, Beijing Zinan and Friends, Jiaxing Baozheng Investment Partnership (Limited Partnership) (嘉興寶正投資合夥企業(有限合夥)), Beijing Daoyoudao, Nanjing Pingheng Capital, Mr. Zhang Zhidi, Mr. Chen Liang, Shanghai Jinjia, Mr. Guo Zhiwei, Ms. Zhang Yue, Ms. Zhang Wenyan, Ms. Xue Xiaoli, Ms. Zhu Xifen, Mr. Xiong Chi and Ms. Huang Huijuan, who are shareholders of Beijing Joyspreader
“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of China
“Reporting Period”	the six months period from January 1, 2022 to June 30, 2022
“SFO”	the Securities and Futures Ordinance
“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
“Shanghai Jinjia”	Shanghai Jinjia Asset Management Co., Ltd. (上海今嘉資產管理有限公司), a company established under the laws of the PRC with limited liability on February 6, 2016
“Shenzhen Nanhai Chengzhangtongying”	Shenzhen Nanhai Growth Win-win Private Equity Investment Fund (Limited Partnership) (深圳南海成長同贏股權投資基金(有限合夥)), a limited partnership set up under the laws of the PRC on July 20, 2017
“Shenzhen Nanhai Growth”	Shenzhen Nanhai Growth Win-win Limited, a limited liability company incorporated in the BVI on March 26, 2019
“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
“WFOE”	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 report, the terms “associate”, “connected person”, “controlling shareholder” and “subsidiary” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.