



JOY SPREADER GROUP INC.

樂享集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 6988



2025
INTERIM REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhu Zinan (朱子南)
(Chairman of the Board and Chief Executive Officer)
Mr. Cheng Lin (成林)
Ms. Qin Jiaxin (秦佳鑫)

Non-executive Director

Mr. Wang Hongpeng (王宏鵬)

Independent Non-executive Directors

Mr. Tang Wei (唐偉)
Mr. Fang Hongwei (房宏偉)
Mr. Huang Boyang (黃博揚)

AUDIT COMMITTEE

Mr. Tang Wei (唐偉) *(Chairman)*
Mr. Huang Boyang (黃博揚)
Mr. Wang Hongpeng (王宏鵬)

REMUNERATION COMMITTEE

Mr. Fang Hongwei (房宏偉) *(Chairman)*
Mr. Zhu Zinan (朱子南)
Mr. Huang Boyang (黃博揚)

NOMINATION COMMITTEE

Mr. Huang Boyang (黃博揚) *(Chairman)*
Ms. Qin Jiaxin (秦佳鑫)
Mr. Fang Hongwei (房宏偉)

AUTHORISED REPRESENTATIVES

Mr. Zhu Zinan (朱子南)
Ms. Lin Sio Ngo (練少娥)

REGISTERED OFFICE

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

COMPANY'S HEADQUARTERS IN THE PRC

Zone A, Building T18, Jiuxianqiao Diantong Creative Park
Chaoyang District
Beijing
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

40th Floor, Dah Sing Financial Centre
No. 248 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Campbells Corporate Services Limited
Floor 4, Willow House
Cricket Square
Grand Cayman KY1-9010
Cayman Islands

AUDITOR

Deloitte Touche Tohmatsu
Certified Public Accountants and Registered PIE Auditor
35/F, One Pacific Place
88 Queensway
Hong Kong

JOINT COMPANY SECRETARIES

Ms. Qin Jiaxin (秦佳鑫)

Ms. Lin Sio Ngo (練少娥)

HONG KONG LEGAL ADVISOR

Han Kun Law Offices LLP
Rooms 4301-10
43/F, Gloucester Tower
The Landmark
15 Queen's Road Central
Central
Hong Kong

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

INVESTOR RELATIONS

Tel: (86)10-87726988

Email: investment@joyspreader.com

WEBSITE

www.joyspreader.com

STOCK CODE

6988

FINANCIAL HIGHLIGHTS

The unaudited condensed consolidated interim results of the Group for the six months ended June 30, 2025 (the “Reporting Period”), together with the comparative figures for the six months ended June 30, 2024 as follows:

FINANCIAL RESULTS HIGHLIGHTS

	For the six months ended June 30		Year-on-year changes Increase/ (decrease)
	2025	2024	
	(Unaudited)	(Unaudited)	
	(HK\$ in millions, except for percentages)		
Revenue	8.89	111.23	(92.01)%
Gross profit	4.85	0.44	1,002.27%
Loss for the period attributable to owners of the Company	(85.56)	(355.20)	(75.91)%
Net loss margin	(962.43)%	(319.34)%	(643.09) ⁽¹⁾
Loss per Share			
– Basic (HK cents)	(3.61)	(14.98)	(75.90)%
– Diluted (HK cents)	(3.61)	(14.98)	(75.90)%

Note:

(1) Changes in percentage points.

Highlights of the Group's operational results for the Reporting Period, together with comparative figures for the corresponding period in 2024, are as follows:

OPERATIONAL RESULTS HIGHLIGHTS

	As of June 30 or for the six months ended June 30		Year-on- year changes Increase/ (decrease)
	2025	2024	
Culture business			
Sales (HK\$ million)	3.64	0.88	313.64%
Overseas sales of E-commerce goods business			
Sales (HK\$ million)	3.38	32.80	(89.70)%
Algorithm-based marketing business			
GMV of domestic short video platform E-commerce marketing (HK\$ million)	—	23.18	(100)%
Number of paid actions of interactive entertainment products marketing ⁽¹⁾ ('000)	—	24,242	(100)%
Average revenue per paid action (HK\$)	—	2.47	(100)%

Note:

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



CORPORATE PROFILE

In the first half of 2025, the Group actively promoted the R&D of its AI (artificial intelligence) models and its AI-based computing power. Building on more than ten years of technological expertise, the Group has accumulated capabilities for processing massive marketing data and developing algorithm models. By incorporating advanced AI models from both domestic and global sources, the Group developed proprietary computing power, an AI model knowledge library, and specific AI models, allowing it to evolve from an algorithm-driven to vertical AI model-driven marketing technology company.

VIGOROUS DEVELOPMENT OF THE GROUP'S AI DIGITAL CULTURE, AI DIGITAL ASSETS AND AI MEDICAL BUSINESSES

Guided by the national policy on the digitalization of the cultural industry, the Group aligned its domestic business with central state-owned enterprises (SOEs) by establishing a mixed-ownership reform company, Poly Joy Spreader Digi-Entertainment (Beijing) Co., Ltd. ("**Poly Digi-Entertainment**"), with cultural central SOEs.

"Kong Jian (空兼)", a digital asset service platform of Poly Digi-Entertainment for film and television culture and entertainment contents with its own intellectual property rights, operated steadily and completed the first inclusion of data assets into financial statements of central cultural SOE. "Kong Jian (空兼)" is a digital asset service platform for film and television culture and entertainment contents independently operated by Poly Digi-Entertainment with independent intellectual property, and distributes corresponding cooperative virtual artworks and digital artworks. Through the platform's on-chain authentication, cultural assets, including cultural artworks and cooperative cultural products, are assetized and sold.

Poly Digi-Entertainment relies on the central SOE's own blockchain "Poly Digi-Entertainment Chain (保利文娱科技链)" to provide underlying technical support and innovative solutions for "sport star card", the digital collection certificates of Khorgos Head Collect Digital Technology Co., Ltd. (霍尔果斯首藏数字技术有限公司) ("**Head Collect Digital**"). In addition to digital collection and data assets issuance, certification services for data assets and digital assets are also available, which fully leverages central SOE's own blockchain to provides strong safety and endorsement and realizes stable ownership confirmation capabilities for data assetization.

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

The Group achieved commercial success across AI+ entertainment, AIGC (artificial intelligence generated content), and blockchain sectors.

TRANSFORMATION AND UPGRADING OF THE GROUP'S OVERSEAS BUSINESS

Since 2023, the Group has intensified efforts in the 3C E-commerce business in Association of Southeast Asian Nations. It built its own 3C E-commerce platform, MARTOP, which recorded a cumulative GMV (gross merchandise volume) of US\$1.46 billion within only three years. In particular, the successful upgrade of our algorithmic marketing approach for overseas business from big data-driven to AI-driven delivered significant efficiency improvements across key areas including marketing, traffic placement, and product selection.

CORE STRATEGIC DEVELOPMENT DIRECTIONS OF THE GROUP

In the first half of 2025, the Group stepped up its R&D efforts in AI technology and computing power development in its core strategic directions, and strengthened the cooperation with central SOEs to optimize its domestic algorithm-based marketing technology and digitalization capabilities, which contributes to commercial success in AI sector, thus laying a more solid foundation for the realization of the annual target and the sustainable development in the future.

I. OUR BUSINESS

The Group actively developed the AI technology model research and development and AI computing power business. Building on a decade of technological expertise, the Group has accumulated capabilities for processing massive marketing data and developing algorithm models. By incorporating advanced AI models from both China and abroad, the Group developed proprietary computing power, an AI model knowledge library, and specific AI models, allowing it to evolve from an algorithm-driven to vertical AI model-driven marketing technology company.

In addition, guided by the national policy on the digitalization of the cultural industry, it strived to align its domestic business with central SOEs by establishing a mixed-ownership reform company, Poly Digi-Entertainment with cultural central SOEs.

AI-based Digital Cultural Innovation Business

“Poly Digi-Entertainment Chain” is a central SOE’s own blockchain jointly designed and developed by Poly Digi-Entertainment, the Company and JD Technology (“JDT”). It provides underlying blockchain technical support for data and digital asset issuance on “Kong Jian (空兼)” platform. “Kong Jian (空兼)” is a digital asset service platform for film and television culture and entertainment contents independently operated by Poly Digi-Entertainment with independent intellectual property, and distributes corresponding cooperative virtual artworks and digital artworks. Through the platform’s on-chain authentication, cultural assets, including cultural artworks and cooperative cultural products, are assetized and sold.

The Company is fully responsible for operation of the platform, including IP (intellectual property) license-in, customer acquisition, platform promotion and other specific businesses. At present, the major function of “Kong Jian (空兼)” is to provide digital asset services, including but not limited to customer value-added and consumption probing. Based on copyright protection technology and digital authentication technology, it distributes digital assets in the fields of film and television, culture and entertainment to users in an open, transparent and tamper-resistant form. In the future, “Kong Jian (空兼)” will serve as a multi-scenario and multi-level comprehensively integrated digital service platform. It will also expand to provide users with a series of digital businesses such as virtual human and meta-universe, allowing a wider range of digital asset application scenarios accessible to users.

AI-based Digital Asset Innovation Business

Poly Digi-Entertainment collaborated with Head Collect Digital to create a new model in the field of digital copyright collections, and it relies on “Poly Digi-Entertainment Chain” to provide underlying technical support and innovative solutions for “sport star card”, the digital collection certificates of Head Collect Digital. Currently, “sport star card” digital collections have been launched in “Head Collect” APP. In addition to digital collection and data assets issuance, certification services for data assets and digital assets are also available, which fully leverages central SOE’s own blockchain to provides strong safety and endorsement and realizes stable ownership confirmation capabilities for data assetization.

AI-based Medical Innovation Business

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

Digital storage services

The Company's digital storage services has established a practical model that incorporates digital assets and data authentication, providing authentication services for various data assets such as digital assets, cultural assets and industry data and generating authentication evidences for critical assets in their data capitalization through robust endorsement and technical capabilities of central SOE's own blockchain.

Due to the features of blockchain such as tamper-resistant, stable storage, and unique authentication, data sources and data assets have become scarce resources in the context of massive output of AI-generated content (AIGC), leading to their continuously increasing value. With the ongoing implementation of policies concerning the consolidation of data assets into financial statements in China, the pricing and value authentication of operational data, cultural data and digital content across all enterprises have become critical points in the current AI landscape, which also serve as the primary drivers for the explosive growth of central SOE's own blockchain services.

First precedent of inclusion of data assets of state-owned cultural central enterprise into financial statements

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

The capitalization and inclusion in the financial statements of these data resources encompasses operational analytics, AI intelligence, and image creation, involving business domains such as blockchain, AI, and digital IP and other business content. The capitalization successfully passed evaluations by authoritative institutions for data compliance, data quality, and data asset valuation, along with a dedicated audit. Additionally, the property rights registration was completed at the Shenzhen Cultural Assets and Equity Exchange. Currently, Poly Digi-Entertainment is exploring the external commercial monetization of its data asset business and has signed a strategic cooperation agreement with Shenzhen Cultural Assets and Equity Exchange, pursuant to which the parties will jointly promote the value-empowerment project of data assets and provide data asset services to customers including local governments.

Cultural entertainment AI vertical model

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

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

During the film and television production cycle in 2024, the Group and Poly Digi-Entertainment leveraged AIGC technology to holistically empower the entire workflow from pre-production ideation to post-production refinement. This integration significantly reduced production costs while enhancing efficiency and quality. The technological breakthrough has laid a robust foundation for expanding the Group's and Poly Digi-Entertainment's footprint in the short-to-medium series market. Poly Digi-Entertainment's film and television business is transforming and upgrading to emerging film and television content forms such as short-to-medium series, interactive film and game linkage. At present, it has reached cooperation with Shushan Film in medium series, and jointly released a list of ten projects with Tencent, iQIYI and Youku. The ten projects will be jointly financed and produced by Poly Digi-Entertainment and Shushan Film. In addition, the film and game linkage project "I Can't Beat the Beautiful Women" 《我打不過漂亮的她們》 produced by Poly Digi-Entertainment has finished filming and is under post-production. Notably, the Group has now extended AIGC applications from short-to-medium series to field of films, and has made remarkable progress.

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

Digital marketing business

(1) Online marketing

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

Currently, we have expanded our customer portfolio to include central SOEs such as China State Construction and Poly Group. For example, we undertook the planning and filming of the brand story of China Poly Group, interviewed and filmed the aiding-Ninglang project of Nokia Shanghai Bell of Poly Huaxin. We also produced documentaries on entrepreneurs in Zhaotong, Yunnan, and promotional videos for Poly International.

Poly Digi-Entertainment expanded its cultural tourism business based on its relationship with the government, cultural resources, film and television production, technology-enabled cultural tourism capabilities, and publicity and marketing capabilities. It mainly focused on local cultural tourism publicity and promotion services, event hosting services, cultural tourism planning and operations, etc. In the first half of 2025, it won the bid for the micro-short drama project for cultural tourism publicity of Zhanhuang county, and helped promote local cultural tourism with innovative short dramas.

(2) Offline marketing

Poly Digi-Entertainment reached a cooperation agreement with Minsheng Bank to jointly create co-branded credit cards in the cultural sector. This collaboration aimed to lead industry innovation through a "finance + culture" cross-sector synergy model, stimulating new trends in cultural consumption and supporting the digital transformation of the cultural industry.

Cultural And Entertainment Content And Derivatives Business

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

(1) Short-drama business

As one of the first companies to deploy on short video platform business, the Company has been developing in the short video sector for many years. By virtue of its advantage in the forward-looking deployment in short play sector, the Company has completed the shooting work of a number of short plays involving a variety of types, and has accumulated a wealth of experience. As a professional cultural industry group among China's central enterprises, Poly Culture owns a strong reserve of IP resources, film, television and performing talent resources and diverse content production experience. Capitalizing Poly Culture's resource advantages and the Company's many years of in-depth experience in short-video production, the Company collaborated with the Youku platform on the horizontal short drama "Rising from the Ashes" (《縱他入局》). Related topics for this drama garnered over 300 million views on Douyin platform.

(2) Film and television presentation

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

(3) Film, television and game interactive entertainment

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

In the first half of 2025, the film and game linkage project "I Can't Beat the Beautiful Women" 《我打不過漂亮的她們》 produced by Poly Digi-Entertainment has finished filming and is under post-production.

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

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

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

(5) MCN (Multi-Channel Network) business

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

(6) Artist agency

Leveraging the extensive experience of Poly Culture in the film and television industry for more than 20 years and the experience of the Company in film and television production for many years, as well as the diversified resources of both parties, we provide better development plans for our artists and engage in multi-dimensional and all-round project cooperation, thus accumulating a wealth of film, television, variety shows, media, platforms and a large number of brand customer resources, so as to provide our artists with more and better career planning and development platform. We have successfully contracted with Liang Weikeng, the world badminton champion and a badminton player of China national team, in 2025.

The Company selects suitable contracted artists for our clients based on their market positioning, image, interests and past and current endorsements and arrange commercial activities and entertainment content activities for the contracted artists and artist groups through our commercial agents and executive agents. At the same time, the Company also arranges for our contracted artists to participate in various promotion activities of corporate clients, including social media promotions, live E-commerce and offline business promotions, including but not limited to commercial shoots for Dongfeng Nissan and its related offline commercial events, commercial shoots for Range Rover and ARTE, a Spanish jewelry brand, and events such as 2025 Cross-Strait Youth Summit, 16th Tour of Hainan 2025, Sanyuan milk live broadcast on JD.com, the 9th Asian Winter Games Harbin 2025, China Life Customer Rights System Launch Conference, Beijing Fashion Week. We completed filming of several film and television such as "Jagged Peaks" 《踏雪尋蹤》, "Ice Lake Rebirth" 《冰湖重生》, "Blossoms of Power" 《百花殺》, "Aligned Reverence" 《掌上齊眉》, "Haunted House" 《兇宅怨靈》, "Blazing Elegance" 《熾熱吸引》, "Per Aspera ad Astra" 《星河如夢》, "Protecting Flowers" 《護花》, and "Chang'an Flowers" 《謝盡長安花》. We also participated in publicity campaigns such as Migu's "Celebrate the inscription of Spring Festival on intangible cultural heritage list and light up Chinese New Year celebrations with AI" (非遺賀新春, AI中國年) theme event, Dragon TV's Huacai Heritage Live Evening Show, "Selected Stories of Women" jointly launched by Douyin and Women of China, and Sina's weather reporter.

Domestic interest-based algorithm marketing business

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

“Customized content and products” is a summary of the algorithm-based marketing business of the Company. In short, based on the new media platforms, we not only follow the principle of personalized content recommendation, but further deepen to the level of personalized product recommendation. By building our private data analysis system, the Company analyzes products, content and users separately and establishes modeling for them, forms data labels, and uses recommendation algorithms and middle platform technology to accurately recommend products to consumers on new media platforms and bills customers based on transformation effectiveness.

Overseas consumer electronic products vertical E-commerce platform business

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

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

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

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

In the first half of 2025, the Company focused on three core areas:

Planning investment in AI R&D to increase pipeline core technological capabilities: by establishing specialized AI laboratories, the Company steadily accumulated technical strength, gradually building a comprehensive AI technology reserve system, laying a solid foundation for future business growth.

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

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

Looking ahead to the second half of 2025, the Company has set clear strategic goals as follows:

Completing the comprehensive construction of its AI application service system to achieve profitability. By offering a series of innovative AI-based productized services, the Company aims to further enhance customer experience, expand its market presence, and drive its business towards high-quality development.

II. THE INDUSTRY WHERE WE OPERATE

1. Concept of AIGC

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

2. Concept of Web3.0

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

3. Film and television entertainment segment

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

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

4. Concept of short video

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

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

5. Short play concept segment

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

6. Internet marketing segment

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

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

7. Overseas E-commerce of electronic products segment

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

III. OUR STRENGTHS

Clear industry prospects and vast market space

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

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

(1) Artificial intelligence technology is experiencing rapid development

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

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

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

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

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

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

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

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

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

Leveraging on the advantages of mixed ownership reform of a central SOE

The collaboration between the Company and the company established under the mixed-ownership reform of a central state-owned culture enterprise enables the Company to enter the cutting-edge and high-potential business areas like Web3.0, blockchain, and culture and entertainment content production under the guidance and management of the central SOE. This mode of collaboration not only greatly broadens the customer base and business scope of the Company, but also lays a solid foundation for the long-term development of the Company. As a professional central SOE engaged in the culture industry, our partner not only possesses professional PGC production capabilities, but also has unique advantages in terms of industrial resource integration, and risk control and compliance. In the future, we will leverage the PGC content and stars conform to domestic policies, as well as MCN network content and celebrities under the cooperation framework to cultivate our 1P Traffic and fans and facilitate our new business expansion.

First-mover advantages of data and model algorithm

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF RESULTS

- **Culture and Entertainment Technology Business**

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

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

- **Overseas E-commerce Business**

In the first half of 2025, the Group recorded revenue of HK\$3.38 million from overseas sales of E-commerce goods business, representing a decrease of 89.70% as compared with HK\$32.80 million in the first half of 2024. The decrease in revenue from such business was mainly attributable to the strategy adjustment of the Group’s overseas E-commerce business at the end of 2023, which transformed the asset-heavy business model of purchasing inventory goods for overseas sales in the past to the asset-light business model of providing accurate marketing services on overseas short video platforms based on interest-based algorithm, and focused on MARTOP, a self-owned E-commerce platform, as the core transaction negotiation platform to accurately attract traffic by providing transaction leads and continuously utilizing overseas short video platforms. We conducted continuous testing on our new matchmaking model in 2024 and did not charge commissions and service fees on suppliers and distributors. For the six months ended June 30, 2025, the Group received commissions or service fees from suppliers under the new business model.

In the first half of 2025, the GMV of overseas E-commerce transactions completed under assistance of the Group on its own E-commerce platform, MARTOP, reached US\$166 million, representing a significant decrease of 63.52% as compared to the GMV of overseas E-commerce transaction of US\$455 million realized in the same period last year. The Group will focus on asset-light business mode, provide customers with accurate traffic promotion through overseas short video platforms, and build a long-term and sustainable moat.

- **Algorithm-Based Marketing Business**

- **Interactive Entertainment and Digital Product Marketing**

In the first half of 2025, the Group recorded revenue of HK\$1.87 million from interactive entertainment and digital product performance-based marketing services, representing a decrease of 96.70% as compared with HK\$56.67 million of the same period last year, which was due to the tightened regulatory approval of game licenses and paid literature in China, which led to restrictions on such business, therefore the revenue from this business decreased as compared to the same period last year.

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

In the first half of 2025, due to current relatively sluggish marketing environment of the overall industry in China, the Group adjusted the domestic short video E-commerce product marketing services business and did not carry out such business in the first half of 2025. In the first half of 2024, the GMV of domestic short video platform E-commerce marketing reached HK\$23.18 million, and the revenue from domestic E-commerce products marketing reached HK\$20.88 million.

- **Progress on R&D**

The investment in research and development mainly focuses on R&D breakthroughs in AI technology model, regional expansion, product diversification and optimizing traffic promotion for overseas short video platforms.

In respect of the research and development of AI technology model, the Group focused on innovation of underlying blockchain technology and the research and development of vertical large models, built a secure and reliable technology system for digital assets authentication, and independently developed a psychiatric medical AI model system, achieving full-chain technical capabilities from data processing, algorithm training to model deployment. Furthermore, the Group carried out in-depth research and development at the application for AIGC technology and made substantial progress across key areas such as virtual digital human generation, multi-modal content creation and real-time interaction.

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

- **Business Development for the Second Half of 2025**

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

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

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

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

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

- b. **Expand E-commerce Business in Overseas Market**

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

FINANCIAL REVIEW

Revenue

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

	For the six months ended June 30,			
	2025 (Unaudited)	Percentage	2024 (Unaudited)	Percentage
<i>(HK\$ million, except for percentages)</i>				
Marketing revenue from interactive entertainment and digital products	1.87	21.03%	56.67	50.95%
Marketing revenue from domestic E-commerce products	—	—	20.88	18.77%
Sales revenue from overseas E-commerce goods	3.38	38.02%	32.80	29.49%
Revenue from culture business	3.64	40.95%	0.88	0.79%
Total revenue	8.89	100%	111.23	100%

The revenue of the Group decreased by 92.01% from approximately HK\$111.23 million for the six months ended June 30, 2024 to approximately HK\$8.89 million for the six months ended June 30, 2025. The decrease was mainly attributable to the fact that (i) by the end of 2023, the Group strategically reoriented its overseas E-commerce operations by shifting from the previous asset-intensive business model, which involved purchasing inventory for trading and subsequent overseas sales, to an asset-light business model focusing on delivering precise marketing services via interest-based algorithms on overseas short-video platforms. This new approach centers around MARTOP, our own E-commerce platform, serving as the core transaction negotiation platform. We aim to facilitate transactions by providing sales leads and continuously leveraging precise traffic diversion on overseas short-video platforms. We are still in the process of testing this new matchmaking transaction model in 2024 and did not charge suppliers and distributors any commissions or service fees. For the six months ended June 30, 2025, the Group received commissions or service fees from suppliers under the new the model; and (ii) the scale of interactive entertainment and digital products marketing business shrank and the revenue was recognized on a net basis.

Cost of Revenue

The cost of revenue of the Group was mainly comprised of purchase cost of traffic on project placement platform and purchase cost of goods. The cost of revenue decreased by approximately 96.34% from approximately HK\$110.79 million for the six months ended June 30, 2024 to approximately HK\$4.05 million for the six months ended June 30, 2025, mainly due to the fact that the interactive entertainment and digital product marketing business and overseas E-commerce business were undergoing business model transformation, with revenue recognized on a net basis, resulting in a significant decrease in the cost of revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and 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,	
	2025 (Unaudited) (HK\$ million)	2024 (Unaudited)
Marketing gross profit from interactive entertainment and digital products	1.87	12.65
Marketing gross profit from domestic E-commerce products	–	3.76
Gross profit from overseas sales of E-commerce goods	3.38	(16.66)
Gross profit from culture business	(0.4)	0.69
Total gross profit	4.85	0.44

For the six months ended June 30, 2025, the gross profit of the Group amounted to approximately HK\$4.85 million, representing an increase of approximately 1,002.27% as compared with approximately HK\$0.44 million for the six months ended June 30, 2024. For the six months ended June 30, 2025, the gross profit margin of the Group was approximately 54.56%, representing an increase of approximately 54.16 percentage points as compared with approximately 0.40% for the six months ended June 30, 2024. The significant increase in the Group's gross profit and gross profit margin was mainly due to the fact that the interactive entertainment and digital product marketing business and overseas E-commerce business were undergoing business model transformation, with revenue recognized on a net basis, resulting in the change in gross profit margin.

Other Gains and Losses

For the six months ended June 30, 2025, the other gains and losses of the Group were losses of approximately HK\$12.57 million (for the six months ended June 30, 2024: gains of approximately HK\$13.09 million), which was mainly due to the foreign exchange losses of approximately HK\$11.69 million incurred in the first half of 2025.

Distribution and Selling Expenses

The distribution and selling expenses of the Group decreased by approximately 70.54% from approximately HK\$281.39 million for the six months ended June 30, 2024 to approximately HK\$82.91 million for the six months ended June 30, 2025, which was mainly attributable to the decrease in traffic promotion subsidy to the distributors by the overseas E-commerce business in the first half of 2025.

Administrative Expenses

The administrative expenses of the Group decreased by approximately 21.29% from approximately HK\$42.37 million for the six months ended June 30, 2024 to approximately HK\$33.35 million for the six months ended June 30, 2025, primarily due to the optimization of the Group's staffing costs and savings in professional services fees, office rentals, travel expenses, entertainment expenses and other related expenses.

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 building and optimizing the data model of overseas E-commerce business, and developing AI technology model and AI computing power, and remuneration and benefits expenses for technical personnel in relation to the development of technology platforms.

The research and development expenses of the Group decreased by approximately 35.29% from approximately HK\$1.87 million for the six months ended June 30, 2024 to approximately HK\$1.21 million for the six months ended June 30, 2025, which was mainly due to the fact that the Group's own E-commerce platform currently can meet the demand for the development of its overseas E-commerce business, resulting in the decrease in R&D investment in the first half of 2025 accordingly.

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. The Group had no bank loans during the Reporting Period.

Trade and Other Receivables and Deposits

The Group had trade and other receivables and deposits of approximately HK\$348.82 million and approximately HK\$293.51 million as at December 31, 2024 and June 30, 2025, respectively.

As at June 30, 2025, the balance of trade receivables of the Group amounted to approximately HK\$50.80 million, representing a decrease of approximately 15.74% as compared with HK\$60.29 million as at December 31, 2024, which was mainly attributable to a decrease in corresponding trade receivables as a result of (i) the decrease in revenue from performance-based marketing services in the first half of 2025; and (ii) the collection of trade receivables for prior years.

Other receivables and deposits are deposits paid to suppliers to expand the overseas sales of E-commerce goods business, receivables of income from investments in films and television dramas, employee petty cash and rental deposits, etc. As at June 30, 2025, the balance of other receivables and deposits of the Group amounted to approximately HK\$242.71 million, representing a decrease of approximately 15.88% as compared with HK\$288.53 million as at December 31, 2024, which was mainly attributable to the tri-party payment agreement entered into between the Group and its suppliers and customers in the first half of 2025, pursuant to which amounts due from customers were offset against amounts due to suppliers.

Prepayments

Prepayments of the Group mainly consisted of the prepayments for purchases of traffic, prepayments for purchase of consulting services and other prepayments.

As at June 30, 2025, prepayments of the Group amounted to approximately HK\$54.27 million, representing a decrease of approximately 49.93% as compared with HK\$108.38 million as at December 31, 2024, which was mainly attributable to (i) the consumption of part of the Group's prepaid traffic payment in the first half of 2025; and (ii) during the six months ended June 30, 2025, the Group and its traffic supplier entered into a debt settlement agreement, pursuant to which the prepayments to the traffic supplier were offset against the payables to the traffic supplier.

Equity Instruments at Fair Value through Other Comprehensive Income

The Group had equity instruments at fair value through other comprehensive income of approximately HK\$2.26 million and approximately HK\$2.26 million as at December 31, 2024 and June 30, 2025, respectively. There was no change in fair value for the six months ended June 30, 2025.

Bank Balances and Cash/Bank Deposits/Restricted Bank Balances

The Group had bank balances and cash/bank deposits/restricted bank balances of approximately HK\$272.35 million and approximately HK\$210.30 million as at December 31, 2024 and June 30, 2025, respectively. The decrease in balances was mainly due to the Group's platform traffic purchases and daily operating expenses.

Trade and Other Payables

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

The trade payables of the Group decreased by approximately 27.46% from approximately HK\$297.45 million as at December 31, 2024 to approximately HK\$215.78 million as at June 30, 2025, which was mainly due to the tri-party payment agreement entered into between the Group and its suppliers and customers in 2025, pursuant to which amounts due from customers were offset against amounts due to suppliers.

The other payables of the Group increased by approximately 7.31% from approximately HK\$23.68 million as at December 31, 2024 to approximately HK\$25.41 million as at June 30, 2025.

Lease Liabilities

Lease liabilities of the Group decreased by approximately 47.00% from HK\$22.17 million as at December 31, 2024 to approximately HK\$11.75 million as at June 30, 2025, which was attributable to the decrease in property leases.

Liquidity and Capital Resources

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

	For the six months ended June 30,	
	2025 (Unaudited) (HK\$ million)	2024 (Unaudited)
Net cash used in operating activities	(7.56)	(36.48)
Net cash from investing activities	6.31	1.24
Net cash used in financing activities	(14.01)	(5.79)
Net decrease in cash and cash equivalents	(15.26)	(41.03)
Cash and cash equivalents at beginning of the period	212.88	325.97
Effect of foreign exchange rate changes	12.68	(11.84)
Cash and cash equivalents at end of the period, represented by bank balances and cash	210.30	273.10

As at June 30, 2025, cash and cash equivalents were mainly denominated in Renminbi, United States dollars and Hong Kong dollars.

Cash Flow from Operating Activities

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

For the six months ended June 30, 2025, our net cash used in operating activities was approximately HK\$7.56 million (for the six months ended June 30, 2024: approximately HK\$36.48 million), which was mainly due to the decrease in operating cash outflow as a result of the contraction in the scale of the Group's operations.

Cash Flow from Investing Activities

Our cash used in investing activities mainly consists of purchase of fixed assets, purchase and redemption of term deposits.

For the six months ended June 30, 2025, our net cash from investing activities was approximately HK\$6.31 million (for the six months ended June 30, 2024: approximately HK\$1.24 million), primarily attributable to redemption of time deposits.

Cash Flow from Financing Activities

For the six months ended June 30, 2025, our net cash used in financing activities was approximately HK\$14.01 million (for the six months ended June 30, 2024: approximately HK\$5.79 million), primarily attributable to the payment of financial liabilities at FVTPL.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Expenditures

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

	For the six months ended June 30,	
	2025	2024
	(Unaudited)	(Unaudited)
	(HK\$ million)	
Fixed assets	12.16	0.73

Significant Investments, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures

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

Future Plans for Material Investments or Capital Assets

Save as disclosed under the section headed “Future Plans and Use of Proceeds” in the Prospectus and the section headed “Use Of Proceeds From Listing” in this 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, 2025, the Group did not have any bank borrowings.

Contingent Liabilities

As at June 30, 2025, the Group was not involved in any material legal, arbitration or administrative proceedings that, if adversely determined, and did not have any contingent liabilities, that, we expected would materially adversely affect our business, financial position or results of operations.

Charge of Assets and Guarantees

As at June 30, 2025, 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, 2025, the gearing ratio of the Group was approximately 46.91% (as at December 31, 2024: approximately 49.02%).

Current Ratio

Current ratio represents current assets divided by current liabilities. The current ratio as of June 30, 2025 was 1.86 times, which was unchanged from 1.86 times as of December 31, 2024.

Foreign Exchange Risk and Hedging

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

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

During the Reporting Period, the Group did not use any financial instrument for hedging purposes and did not have any outstanding hedging instrument for the six months ended June 30, 2025.

Employees and Remuneration Policies

As at June 30, 2025, the Group had 59 full-time employees (December 31, 2024: 70 full-time employees), the majority of whom were based in the PRC. As of June 30, 2025, over 62.7% of our employees were in the departments of R&D, technology and operation.

In terms of employee benefits and security, the Group complies with the minimum working age and minimum wage prescribed by law and provides employees with five national statutory social insurances 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 performance-based remuneration awards system. Employees are promoted not only in terms of position and seniority. The Group has adopted a Share Award Scheme on June 21, 2021 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.

Share Award Scheme

The Company has adopted 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.

As of January 1, 2025 and June 30, 2025, the number of awards available for grant under the Share Award Scheme limit pursuant to the Share Award Scheme was 0 and 0 respectively.

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 awards under 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.

For the six months ended June 30, 2025, there were no purchases of the Shares of the Company by the trustee in the market. No Shares were granted to eligible employees under the Share Award Scheme during the Reporting Period. As of June 30, 2025, there were no unvested awards under the Share Award Scheme. At the end of the Reporting Period, the trustee held 0 Shares.

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

In addition, the Company has adopted the Joy Spreader International Share Award Scheme (the “**Joy Spreader International Share Award Scheme**” or the “**Scheme**”) on September 28, 2023. Pursuant to Rule 17.13, Rules 17.02 to 17.04 and Rules 17.06 to 17.09 of the Listing Rules, the Joy Spreader International Share Award Scheme acts as an auxiliary scheme applicable to the principal subsidiaries of the Company, as if it were the share scheme of the Company as described in Rule 17.01(1) of the Listing Rules. A summary of the Joy Spreader International Share Award Scheme is set out below. For details, please refer to the announcement of the Company dated September 13, 2023.

(I) Purpose of the Joy Spreader International Share Award Scheme

To motivate the contribution of certain directors and employees of the Group so as to provide additional incentives to eligible incentive participants to retain them for the ongoing business operations and development of the Group and to recruit suitable talents for the further development of the Group.

(II) Participants of the Joy Spreader International Share Award Scheme

Under the Joy Spreader International Share Award Scheme, persons eligible to participate in the Joy Spreader International Share Award Scheme (the “**Eligible Participants of Joy Spreader International Share Award Scheme**”) include directors and employees of the Company and its subsidiaries (whether full-time or part-time, including persons who are granted awards under the Joy Spreader International Share Award Scheme for the purpose of attracting them to enter into employment contracts with the Group).

(III) Total Number of Shares Available for Grant and their Percentage of Issued Shares (Excluding the Treasury Shares) of Joy Spreader International as at the Date of the Interim Report

Subject to the Listing Rules, no further awards may be granted by the Company if, without the approval of the Shareholders, the grant of such awards would result in the total number of award shares of Joy Spreader International in respect of all grants under the Scheme together with any other options and awards which may be granted under the Scheme and any other share schemes of Joy Spreader International for the time being exceeding the number of shares representing 10% of the entire issued share capital of Joy Spreader International as at the adoption date. Award shares which have been canceled in accordance with the terms of the Scheme will be taken into account for the purpose of calculating the scheme limit. Apart from the Joy Spreader International Share Award Scheme, Joy Spreader International has not adopted any other employee incentive schemes for the time being.

As at the date of this interim report, the total number of issued shares of Joy Spreader International was 10,000 shares. Mr. Zhu has been conditionally granted 1,000 awards under the Joy Spreader International Share Award Scheme on September 28, 2023, involving in aggregate 1,000 shares of Joy Spreader International, representing 100% of the shares available for grant under the Joy Spreader International Share Award Scheme. Of the award shares, 200 shares were vested immediately to him, and in accordance with a stepwise vesting schedule, 200 shares were vested on March 1, 2024, and the remaining 600 shares were conditionally vested in accordance with a stepwise vesting schedule (300 shares vesting on September 1, 2024 and 300 shares vesting on March 1, 2025). As at January 1, 2025, June 30, 2025 and the date of this interim report, there were no other awards available for grant under the Joy Spreader International Share Award Scheme.

(IV) Maximum Entitlement per Participant under the Joy Spreader International Share Award Scheme

If the grant of any award to an eligible participant would result in the number of award shares transferred or to be transferred or allotted and issued or to be allotted and issued in respect of all options and awards granted to such eligible participant (excluding any options and awards which have lapsed in accordance with the terms of the Scheme) in the period of twelve (12) months from and including the date of such grant, being more than 1% of the total issued shares of Joy Spreader International, such grant shall be subject to Shareholders' approval at a general meeting and such eligible participant and his/her close associates (or, where the eligible participant is a connected person or close associate of a connected person) shall abstain from voting.

In the event that a grant of shares or any option of Joy Spreader International to a Director (other than an independent non-executive Director) or a chief executive or any of their respective associates would result in all the shares of Joy Spreader International transferred or to be transferred, or allotted and issued or to be allotted and issued, in respect of all shares of Joy Spreader International granted to that person during the period of twelve (12) months up to and including the date of such grant (excluding any shares of Joy Spreader International which have lapsed in accordance with the terms of the relevant scheme) in aggregate exceeding 0.1% of the issued shares of Joy Spreader International, such further grant of award shall be subject to Shareholders' approval at a general meeting of the Company.

The 1,000 shares of Joy Spreader International (representing 10% of the total issued share capital of Joy Spreader International as at the adoption date) conditionally granted to Mr. Zhu on September 28, 2023 was approved by the Shareholders at a general meeting of the Company.

(V) Period within which Grantees may Exercise Options under the Joy Spreader International Share Award Scheme

The Company may issue to each eligible participant an award letter in such form as the Board or a person authorized by the Board may determine from time to time, stating the date of grant, the number of award shares in respect of which the award is made, the criteria and conditions for vesting, the date of vesting and such other details as may be considered necessary.

(VI) Vesting Period

Subject to certain special circumstances, the grantee shall hold the award for at least 12 months before the award shares vest.

(VII) Application for or Acceptance of Award and Basis of Determination

The grant price of the 1,000 shares of Joy Spreader International granted to Mr. Zhu is nil. The nil consideration was also determined in recognition of Mr. Zhu's past contribution to the Group's overseas E-commerce business and to motivate him to continue to contribute to the Group.

(VIII) Remaining Validity Period of the Joy Spreader International Share Award Scheme

Subject to compliance with the rules of the Joy Spreader International Share Award Scheme, the Joy Spreader International Share Award Scheme shall be effective and valid for a period of ten years commencing from the adoption date and ending on the business day immediately before the expiry of the 10th anniversary of the adoption date (after which no further awards shall be granted). As of the date of this interim report, the remaining life of the Joy Spreader International Share Award Scheme is approximately 8 years.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the awards granted under the Joy Spreader International Share Award Scheme during the six months ended June 30, 2025 are set out below:

Name/category of grantees	Awards unvested as at January 1, 2025 ^{Note 1}	Awards granted during the Reporting Period	Awards vested during the Reporting Period	Awards cancelled during the Reporting Period	Awards lapsed during the Reporting Period	Awards unvested as at June 30, 2025	Purchase price (HK\$)	Weighted average closing price of the Shares immediately before the date of vesting of awards (HK\$) ^{Note 2}	Vesting period
Director									
Mr. Zhu	600	-	-	-	-	600	0	N/A	See Note 2
Total	600	-	-	-	-	600			

Notes:

- (1) Represents the awards granted corresponding to the number of the relevant shares.
- (2) Pursuant to the terms of the Joy Spreader International Share Award Scheme and subject to the achievement of the performance targets, the vesting period of the award shares under the conditional grant is as follows: 200 shares to be vested on September 1, 2023 and March 1, 2024 respectively and 300 Shares to be vested on September 1, 2024 and March 1, 2025 respectively. As (i) the results of operations of Joy Spreader International are yet to be observed, a total of 600 Shares which should be vested to him on September 1, 2024 and on March 1, 2025 have not yet been vested; and (ii) as the shares of Joy Spreader International are not listed shares, the weighted average closing price of such shares immediately before the date of vesting of awards is not applicable.
- (3) As Mr. Zhu was conditionally granted 1,000 awards under the Joy Spreader International Share Award Scheme on September 28, 2023, involving in aggregate 1,000 shares of Joy Spreader International, representing 100% of the shares available for grant under the Joy Spreader International Share Award Scheme, there are no other awards available for grant under the Joy Spreader International Share Award Scheme as at January 1, 2025 and the date of this interim report. Accordingly, save as disclosed above, no award has been granted under the Joy Spreader International Share Award Scheme since its adoption date and up to June 30, 2025.
- (4) As no awards have been granted under the Scheme during the Reporting Period, thus, the closing price of the Shares immediately before the date on which awards were granted and the fair value of awards at the date of grant and the accounting standard and policy adopted are not available.

As no awards were granted during the Reporting Period under all schemes of the Company (i.e. the Share Award Scheme and the Joy Spreader International Share Award Scheme), during the Reporting Period, the number of Shares that may be issued corresponding to the awards granted under all schemes of the Company divided by the weighted average number of Shares of the relevant class in issue (excluding treasury Shares) during the Reporting Period is nil.

CHANGES IN DIRECTORS' INFORMATION

Effective from June 30, 2025:

- (i) Mr. Hu Jiawei has resigned as a non-executive Director;
- (ii) Mr. Wang Hongpeng has been appointed as a non-executive Director;
- (iii) Mr. Zhu, an executive Director, has been appointed as a member of the Remuneration Committee;
- (iv) Mr. Cheng Lin, an executive Director, ceased to be a member of the Remuneration Committee;
- (v) Ms. Qin Jiaxin, an executive Director, has been appointed as a member of the Nomination Committee;
- (vi) Mr. Zhu ceased to be the chairman and a member of the Nomination Committee;
- (vii) Mr. Huang Boyang, an independent non-executive Director and a member of the Nomination Committee, has been appointed as the chairman of the Nomination Committee;
- (viii) Mr. Fang Hongwei, an independent non-executive Director, ceased to be a member of the Audit Committee; and
- (ix) Mr. Wang Hongpeng, a non-executive Director, has been appointed as a member of the Audit Committee.

Save as disclosed above, there was no change in the information of the Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules during the six months ended June 30, 2025.

CORPORATE GOVERNANCE AND OTHER INFORMATION

OUR MAJOR SUBSIDIARIES AND CONSOLIDATED AFFILIATED ENTITIES

As at June 30, 2025, 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 International	Hong Kong	October 25, 2019
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
Joy Spreader Singapore	Singapore	February 23, 2023
Joy Spreader International E-commerce	Hong Kong	May 31, 2023

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 June 30, 2025, we did not have any owned properties and we leased 10 properties with an aggregate gross floor area of approximately 4,172.64 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, 2025, 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 reviewed and passed at the second meeting of the Standing Committee of 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, pursuant to the Special Management Measures for the Market Entry of Foreign Investment (Negative List) (2024 Version) (《外商投資准入特別管理措施(負面清單)(2024年版)》) effected on November 1, 2024, certain of the Group's performance-based marketing services fall into the internet culture businesses which is considered prohibited. To comply with PRC laws and regulations, the Group conducts our performance-based marketing in China through Beijing Joyspreader and its subsidiaries, based on a series of Contractual Arrangements by and among WFOE, Beijing Joyspreader and the Registered Shareholders. As a result of these Contractual Arrangements, the Group exerts control over Beijing Joyspreader and its subsidiaries and consolidates their results of operations into the Group's financial statements. Beijing Joyspreader and its subsidiaries hold the licenses, approvals and key assets that are essential for the operations of the Group's relevant businesses.

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 CG Code as its own code of corporate governance.

The Board is of the view that the Company has complied with all applicable code provisions of the CG Code for the six months ended June 30, 2025, 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 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, 2025. 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 of June 30, 2025, any interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange 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⁾	783,409,400 (L)	33.03%
Ms. Qin Jiaxin	Beneficial owner	4,400,000 (L)	0.19%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares and the underlying Shares of the Company and the class of Shares is ordinary.
- (2) 747,298,300 Shares and 36,111,100 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.

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 and the class of shares of Beijing Joyspreader is ordinary.
- (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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Interests in Shares or Underlying Shares of Joy Spreader International

Name of Director	Nature of interest	Number of shares of Joy Spreader International ⁽¹⁾	Approximate percentage of shareholding interest in Joy Spreader International
Mr. Zhu	Beneficial owner	1,000 (L) ⁽²⁾	10.00%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares and the underlying Shares of the Company and the class of shares of Joy Spreader International is ordinary.
- (2) Pursuant to Joy Spreader International Share Award Scheme adopted on September 28, 2023, on the same date, Mr. Zhu was conditionally granted 1,000 awards, involving 1,000 shares of Joy Spreader International in aggregate, among which 200 shares were immediately vested to him, and in accordance with the stepwise vesting schedule, 200 shares were vested on March 1, 2024, and the remaining 600 shares were vested in accordance with the stepwise vesting schedule (300 shares vested on September 1, 2024 and 300 shares vested on March 1, 2025). As the results of operations of Joy Spreader International are yet to be observed, a total of 600 Shares scheduled to be vested on him on September 1, 2024 and on March 1, 2025 have not yet been vested.

Save as disclosed above, as at June 30, 2025, 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 of June 30, 2025, so far as it was known to the Directors, the following persons (other than the Directors and chief executive of the Company) had interests or short positions in the Shares or underlying Shares which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered 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⁾	783,409,400 (L)	33.03%
ZZN. Ltd.	Beneficial owner ⁽³⁾	747,298,300 (L)	31.51%

Notes:

- (1) The letter “L” denotes the person’s long position in the Shares and the underlying Shares of the Company and the class of Shares is ordinary.
- (2) Mr. Zhu held 100% interests of ZZN. Ltd. and 90% interests of Laurence mate. Ltd. As at June 30, 2025, Laurence mate. Ltd. held 36,111,100 Shares, representing approximately 1.52% of the total Shares.
- (3) ZZN. Ltd. is a limited liability company incorporated in the BVI and wholly owned by Mr. Zhu.

Save as disclosed above, as at June 30, 2025, the Directors and chief executive of the Company were not aware of any other person (other than the Directors and chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which was required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

USE OF PROCEEDS FROM LISTING

References are made to (i) the prospectus dated September 20, 2020 (the “**Prospectus**”) published by the Company in relation to the net proceeds from the Global Offering (the “**Original Net Proceeds from the Listing**”); (ii) the announcement of change in the use of proceeds of the Company dated March 8, 2022; (iii) the announcement of change in the use of proceeds of the Company dated August 31, 2022 (the “**First Reallocation**”); and (iv) the announcement of change in the use of proceeds of the Company dated March 28, 2024 (the “**Second Reallocation**”).

According to the relevant disclosures as set out in the Prospectus and the above announcements, after deducting underwriting fees, commissions, related expenses payable by the Company and the exemption from one of the international underwriters of the underwriting fees of approximately HK\$21.84 million payable to such international underwriter by the Company under the international underwriting agreement, the net proceeds obtained by the Company from the Global Offering amounted to approximately HK\$1,520.67 million.

On August 28, 2025, the Board resolved to further change the use of such unutilized proceeds (the “**Third Reallocation**”). Set out below is a summary of the proposed changes in the intended use and the use of unutilized proceeds under the Third Reallocation.

CORPORATE GOVERNANCE AND OTHER INFORMATION

	Proceeds upon the Second Reallocation as of March 28, 2024 (HK\$ million)	Approximate percentage of updated net proceeds upon the Second Reallocation (%)	Unutilized proceeds upon the Second Reallocation as of January 1, 2025 (HK\$ million)	Utilized proceeds from the Listing upon the Second Reallocation from January 1, 2025 to June 30, 2025 (HK\$ million)	Unutilized proceeds from the Listing upon the Second Reallocation as of June 30, 2025 (HK\$ million)	Proceeds upon the Third Reallocation (HK\$ million)	Approximate percentage of updated net proceeds upon the Third Reallocation (%)	Expected timetable for unutilized proceeds from the Listing upon the Third Reallocation
The intended use of the net proceeds as described in the Prospectus								
The net proceeds to develop artificial intelligence (AI) technology models research and development and AI computing power	–	–	–	–	–	140.21	79.43%	To be utilized within approximately three years commencing from September 1, 2025
The net proceeds to develop our culture business	60.00	3.95%	49.87	13.57	36.30	36.30	20.57%	To be utilised within approximately three years commencing from September 1, 2025
The net proceeds to develop our short- form video mobile new media monetization business	899.30	59.13%	37.14	–	37.14	–	–	–
The net proceeds to continue to strengthen our capabilities in performance-based mobile new media marketing services	201.77	13.27%	67.36	13.53	53.83	–	–	–
The net proceeds to finance our international expansion	209.72	13.79%	109.24	60.00	49.24	–	–	–
For our working capital and general corporate purposes	149.88	9.86%	0.19	0.19	–	–	–	–
Total	1,520.67	100.00%	263.80	87.29	176.51	176.51	100.00%	

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

The Group strategically reallocated the unutilized net proceeds to focus on the development of AI technology models research and development and computing power of the Group to align with its recent market deployment and business development direction for the upgrade of AI and algorithm models in its marketing business. The Group will leverage on the strengthened cooperation with central state-owned enterprises to optimize its domestic algorithm-based marketing technology and digitalization capabilities, which has contributed to the Group's commercial success across AI.

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

The Group reallocated the remaining 79.43% of the unutilized net proceeds to the development of AI technology research and development and innovative applications, with a view to further enhance its algorithm-based marketing technology and digitalization capabilities, accelerate the Group's vertical AI model-driven transformation and create long-term value for Shareholders by improving efficiency and strengthening market position in a rapidly evolving market environment.

In view of the above, the Board considers that the above reallocation of unutilized net proceeds is in line with the Group's business strategy and operational needs. The Board considers that such change in the use of proceeds from the Listing is fair and reasonable, will not have any material adverse impact on the business operations of the Group and is in the best interests of the Company and its Shareholders as a whole.

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

During the six months ended June 30, 2025, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares (as defined under the Listing Rules)). At the end of the Reporting Period, the Company did not hold any treasury shares.

EVENT AFTER THE REPORTING PERIOD

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

REVIEW OF INTERIM RESULTS

The Audit Committee currently comprises three members, namely Mr. Wang Hongpeng as non-executive Director, and Mr. Tang Wei and Mr. Huang Boyang as independent non-executive Directors. The chairman of the Audit Committee is Mr. Tang Wei. The Audit Committee has jointly reviewed with the management 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, 2025 (including this interim report)) 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, 2025 (for the six months ended June 30, 2024: 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 28, 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	NOTES	Six months ended 30 June	
		2025	2024
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Revenue	4	8,894	111,226
Cost of revenue		(4,047)	(110,786)
Gross profit		4,847	440
Other income	6	1,254	1,460
Other gains and losses	7	(12,573)	13,085
Impairment losses under expected credit loss model, net of reversal	8	34,482	(55,576)
Distribution and selling expenses		(82,909)	(281,389)
Administrative expenses		(33,351)	(42,369)
Research and development expenses		(1,211)	(1,872)
Share of results of associates		558	36
Finance costs		(380)	(744)
Loss before tax	9	(89,283)	(366,929)
Income tax expense	10	(1)	(65)
Loss for the period		(89,284)	(366,994)
Loss for the period attributable to:			
Owners of the Company		(85,561)	(355,202)
Non-controlling interests		(3,723)	(11,792)
		(89,284)	(366,994)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

	NOTE	Six months ended 30 June	
		2025	2024
		HK\$'000 (Unaudited)	HK\$'000 (Unaudited)
Other comprehensive income (expense):			
<i>Items that will not be reclassified to profit or loss:</i>			
Exchange differences on translation from functional currency to presentation currency		<u>4,326</u>	<u>(9,551)</u>
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translation of foreign operations		<u>9,926</u>	<u>(7,476)</u>
Other comprehensive income (expense) for the period, net of income tax		<u>14,252</u>	<u>(17,027)</u>
Total comprehensive expense for the period		<u>(75,032)</u>	<u>(384,021)</u>
Total comprehensive expense for the period attributable to:			
Owners of the Company		<u>(69,875)</u>	<u>(372,229)</u>
Non-controlling interests		<u>(5,157)</u>	<u>(11,792)</u>
		<u>(75,032)</u>	<u>(384,021)</u>
Basic loss per share (HK cents)	12	<u>(3.61)</u>	<u>(14.98)</u>
Diluted loss per share (HK cents)	12	<u>(3.61)</u>	<u>(14.98)</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
	NOTES		
NON-CURRENT ASSETS			
Property, plant and equipment		32,253	26,079
Right-of-use assets		6,940	16,534
Intangible assets		598	789
Interests in associates		38,316	37,178
Rental deposits	13	1,680	2,163
Financial assets at fair value through profit or loss		9,819	9,832
Equity instruments at fair value through other comprehensive income		2,264	2,264
		91,870	94,839
CURRENT ASSETS			
Trade and other receivables and deposits	13	291,826	346,655
Prepayments	14	54,266	108,384
Restricted bank balances	15	–	41,951
Bank deposits	15	–	17,525
Bank balances and cash		210,301	212,876
		556,393	727,391
CURRENT LIABILITIES			
Trade and other payables	16	241,193	321,133
Lease liabilities		6,825	9,663
Financial liabilities at fair value through profit or loss		50,211	58,800
Income tax payable		985	971
		299,214	390,567
NET CURRENT ASSETS		257,179	336,824
TOTAL ASSETS LESS CURRENT LIABILITIES		349,049	431,663

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
	NOTE		
NON-CURRENT LIABILITY			
Lease liabilities		4,921	12,503
NET ASSETS		344,128	419,160
CAPITAL AND RESERVES			
Share capital	17	24	24
Reserves		432,943	502,621
Equity attributable to owners of the Company		432,967	502,645
Non-controlling interests		(88,839)	(83,485)
TOTAL EQUITY		344,128	419,160

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company										Non-controlling interests	Total
	Share capital	Treasury stocks	Share premium	Other reserve	Share-based payments reserve	Fair value through other comprehensive income reserve	Statutory reserve	Translation reserve	Accumulated losses	Subtotal		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2025 (Audited)	24	-	2,267,925	37,325	-	(12,166)	183,106	(157,626)	(1,815,943)	502,645	(83,485)	419,160
Loss for the period	-	-	-	-	-	-	-	-	(85,561)	(85,561)	(3,723)	(89,284)
Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	-	-	4,326	-	4,326	-	4,326
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	11,360	-	11,360	(1,434)	9,926
Other comprehensive income (expense) for the period	-	-	-	-	-	-	-	15,686	-	15,686	(1,434)	14,252
Loss and total comprehensive income (expense) for the period	-	-	-	-	-	-	-	15,686	(85,561)	(69,875)	(5,157)	(75,032)
Vesting of shares of a subsidiary (note 18(b))	-	-	-	197	-	-	-	-	-	197	(197)	-
At 30 June 2025 (Unaudited)	24	-	2,267,925	37,522	-	(12,166)	183,106	(141,940)	(1,901,504)	432,967	(88,839)	344,128

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

Attributable to owners of the Company												
		Fair value										
		Share-based			through other			Non-				
Share capital	Treasury stocks	Share premium	Other reserve	Share-based payments reserve	comprehensive income reserve	Statutory reserve	Translation reserve	Accumulated losses	Subtotal	controlling interests	Total	
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
At 1 January 2024 (Audited)	24	-	2,267,925	14,504	-	(1,689)	183,106	(117,066)	(747,462)	1,599,342	(23,255)	1,576,087
Loss for the period	-	-	-	-	-	-	-	-	(355,202)	(355,202)	(11,792)	(366,994)
Exchange differences on translation from functional currency to presentation currency	-	-	-	-	-	-	-	(9,551)	-	(9,551)	-	(9,551)
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	(7,476)	-	(7,476)	-	(7,476)
Other comprehensive expense for the period	-	-	-	-	-	-	-	(17,027)	-	(17,027)	-	(17,027)
Loss and total comprehensive expense for the period	-	-	-	-	-	-	-	(17,027)	(355,202)	(372,229)	(11,792)	(384,021)
Recognition of equity-settled share-based payment expenses (note 18(d))	-	-	-	-	-	-	-	-	-	-	1,874	1,874
Vesting of shares of a subsidiary (note 18(b))	-	-	-	22,355	-	-	-	-	-	22,355	(22,355)	-
At 30 June 2024 (Unaudited)	24	-	2,267,925	36,859	-	(1,689)	183,106	(134,093)	(1,102,664)	1,249,468	(55,528)	1,193,940

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Cash used in operations	(7,561)	(36,451)
Income tax paid	(2)	(29)
Net cash used in operating activities	(7,563)	(36,480)
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(12,162)	(732)
Net cash outflow on disposal of subsidiaries	(95)	–
Repayment of loan receivables	–	55
Interest received	678	1,139
Proceeds from disposal of property, plant and equipment	284	779
Withdrawal of bank deposits with original maturity of more than three months	17,604	–
Net cash from investing activities	6,309	1,241
FINANCING ACTIVITIES		
Redemption of financial liabilities at FVTPL	(10,847)	–
Repayment of lease liabilities	(2,786)	(5,051)
Interest paid	(380)	(744)
Net cash used in financing activities	(14,013)	(5,795)
Net decrease in cash and cash equivalents	(15,267)	(41,034)
Cash and cash equivalents at beginning of the period	212,876	325,973
Effect of foreign exchange rate changes	12,692	(11,837)
Cash and cash equivalents at end of the period, represented by bank balances and cash	210,301	273,102

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

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 (the “**Stock Exchange**”) on 23 September 2020. The principal activities of the Company and its subsidiaries (collectively referred to as the “**Group**”) are provision of digital marketing business and the relevant services and sales of E-commerce goods.

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

The 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 the Stock Exchange, for the convenience of the users of the financial statements, the directors of the Company (the “**Directors**”) adopted HK\$ as presentation currency of the Company.

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (the “**IASB**”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on the Stock Exchange.

Going Concern

The Group’s revenue for the six months ended 30 June 2025 decreased by HK\$102,332,000 to HK\$8,894,000 as compared with the Group’s revenue last period due to change of business model as set out in note 4. In addition, the Group incurred a net loss of HK\$89,284,000 and had negative operating cash flows of HK\$7,563,000 for the six months ended 30 June 2025. The management of the Group has prepared a cash flow forecast which has been determined using estimations of future cash flows based on projected income and expenses of the Group and its working capital needs for the next twelve months. The Directors are of the opinion that the Group will have sufficient financial resources to meet its liabilities when they fall due for the next twelve months from the date of this report. Accordingly, the condensed consolidated financial statements are prepared on a going concern basis.

3. 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.

Other than additional/change in accounting policies resulting from application of amendments to IFRS Accounting Standards, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are the same as those presented in the Group's annual consolidated financial statements for the year ended 31 December 2024.

Application of amendments to IFRS Accounting Standards

In the current interim period, the Group has applied the following amendments to a IFRS Accounting Standard issued by the IASB, for the first time, which are mandatory effective for the Group's annual period beginning on 1 January 2025 for the preparation of the Group's condensed consolidated financial statements:

Amendments to IAS 21 Lack of Exchangeability

The application of the amendments to a IFRS Accounting Standard 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 2025

4. REVENUE

Disaggregation of revenue from contracts with customers

	Six months ended 30 June	
	2025 HK\$'000 (Unaudited)	2024 HK\$'000 (Unaudited)
Types of goods or services		
Provision of performance-based we-media marketing services		
Interactive entertainment and digital products marketing	1,870	56,663
E-commerce products marketing	–	20,882
	<u>1,870</u>	<u>77,545</u>
Business of E-commerce goods (note)	<u>3,378</u>	<u>32,798</u>
Others	<u>3,646</u>	<u>883</u>
	<u>8,894</u>	<u>111,226</u>
Timing of revenue recognition		
A point in time	<u>8,894</u>	<u>111,226</u>

Note: During the last year, the Group suspended inventory purchases and the sales of E-commerce goods under the traditional trading model. Instead, the Group adopted an asset-light business model to operate the sales of E-commerce goods business by providing accurate traffic marketing services for overseas E-commerce customers via overseas short video platforms. Under the new business model, the Group acts as an agent and aims to earn commission fees based on gross merchandise volume and corresponding fixed commission rate. During the six months ended 30 June 2025, the Group earned commissions or service fees from suppliers amounting to HK\$3,378,000 under the new business model.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

5. SEGMENT INFORMATION

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

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

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

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

No operating segments have been aggregated in arriving at the reportable segments of the Group.

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 2025

	Provision of performance- based we-media marketing services HK\$'000 (Unaudited)	Business of E-commerce goods HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue from external customers	<u>1,870</u>	<u>3,378</u>	<u>3,646</u>	<u>8,894</u>
Segment (loss) profit	<u>(22,936)</u>	<u>(47,947)</u>	<u>313</u>	<u>(70,570)</u>
Share of results of associates				558
Unallocated corporate expenses and other gains and losses				<u>(19,272)</u>
Loss for the period				<u>(89,284)</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

5. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2024

	Provision of performance- based we-media marketing services HK\$'000 (Unaudited)	Business of E-commerce goods HK\$'000 (Unaudited)	Others HK\$'000 (Unaudited)	Consolidated HK\$'000 (Unaudited)
Segment revenue from external customers	77,545	32,798	883	111,226
Segment loss	(61,755)	(299,855)	(3,958)	(365,568)
Share of results of associates				36
Unallocated corporate expenses and other gains and losses				(1,462)
Loss for the period				(366,994)

Segment profit/(loss) represents the profit earned by/loss from each segment without allocation of share of results of associates, and certain corporate expenses including central administration costs, directors' emoluments, foreign exchange gains/(losses) and gains/(losses) 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 2025

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	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Mainland China	5,516	78,428
Hong Kong	3,378	32,798
	8,894	111,226

6. OTHER INCOME

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income on bank deposits	678	1,139
Interest income on loan receivables	–	321
Government grants	65	–
Rental income	511	–
	1,254	1,460

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

7. OTHER GAINS AND LOSSES

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gain (loss) on disposal of property, plant and equipment, net	142	(6)
Gain on early termination of right-of-use assets	748	–
Loss on disposal of investments in subsidiaries	(74)	–
Foreign exchange (losses) gains, net	(11,691)	10,280
(Loss) gain on fair value changes of financial assets at FVTPL	(165)	2,355
Loss on fair value changes of obligation arising from a forward contract with non-controlling interests	(1,452)	(1,778)
Others	(81)	2,234
	(12,573)	13,085

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

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net impairment losses reversed (recognised) in respect of:		
– trade receivables	8,372	(53,114)
– other receivables	26,110	(2,462)
	34,482	(55,576)

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 2025 are the same as those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2024.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

9. LOSS BEFORE TAX

Loss before tax has been arrived at after charging the following items:

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Depreciation of property, plant and equipment	6,054	9,516
Depreciation of right-of-use assets	2,930	5,111
Amortisation of intangible assets (included in administrative expenses)	202	776
Total depreciation and amortisation	9,186	15,403
Write-down on inventories	–	16,662

10. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current tax	1	65

11. DIVIDENDS

No dividend was paid, declared or proposed during the six months ended 30 June 2025 (six months ended 30 June 2024: nil). The Directors have determined that no dividend will be paid in respect of the six months ended 30 June 2025 (six months ended 30 June 2024: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

12. LOSS PER SHARE

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

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company	<u>(85,561)</u>	<u>(355,202)</u>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share ('000)	<u>2,371,927</u>	<u>2,371,927</u>

The weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share for the six months ended 30 June 2024 has been arrived at after deducting shares held by share award scheme trust as set out in note 18.

During the six months ended 30 June 2025, there was no potential ordinary share outstanding. The computation of diluted loss per share for the six months ended 30 June 2024 does not consider the effect of non-vested shares under the share award scheme as it would result in a decrease in loss per share.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

13. TRADE AND OTHER RECEIVABLES AND DEPOSITS

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Trade receivables	101,182	118,242
Less: Allowance for credit losses	(50,388)	(57,954)
	<u>50,794</u>	<u>60,288</u>
Deposits for expanding overseas E-commerce markets (<i>note a</i>)	215,000	215,000
Receivables on behalf of third parties as an agent (<i>note b</i>)	18,235	79,573
Receivables of income from investments in films and television dramas	10,342	16,436
Deposits paid to suppliers	2,325	2,289
Rental and other deposits	4,466	6,100
Other receivables	21,557	25,890
Less: Allowance for credit losses	(29,213)	(56,758)
	<u>242,712</u>	<u>288,530</u>
Total trade and other receivables and deposits	<u>293,506</u>	<u>348,818</u>
Analysis as		
Non-current	1,680	2,163
Current	<u>291,826</u>	<u>346,655</u>
	<u>293,506</u>	<u>348,818</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

13. TRADE AND OTHER RECEIVABLES AND DEPOSITS (Continued)

Notes:

- a. In May 2023, the Group entered into several agreements with the largest overseas traffic supplier, for expanding overseas E-commerce markets. These deposits consist of separate deposits for certain countries in Southeast Asia and other continents. During the term of 12 months of these agreements, the Group has the right to claim for a full refund if the Group decides not to operate business in the respective countries or continents. These agreements expired in May 2024. In May 2024, one agreement amounting to HK\$330,000,000 was renewed to extend 12 months with the maturity date ended in May 2025. In May 2025, one agreement amounting to HK\$200,000,000 was renewed to extend 12 months with the maturity date ending in May 2026, and deposits amounting to HK\$15,000,000 is to be refunded to the Group or offset by trade payables.
- b. During the six months ended 30 June 2025, the Group, the traffic supplier of the Group and several customers entered into several debt settlement agreements, pursuant to which the payables to the traffic supplier of HK\$33,118,000 (six months ended 30 June 2024: nil) was offset against the Group's receivables on behalf of third parties as an agent of the same amount. The above transactions are accounted for as a non-cash transaction.

The Group usually allows a credit period of 30 to 180 days to its customers which is interest free with no collateral. Ageing 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 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Within 3 months	274	–
3-6 months	4,395	–
7-12 months	–	8,134
Over 1 year	46,125	52,154
	50,794	60,288

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. PREPAYMENTS

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Prepayments for purchases of traffic (<i>note a</i>)	51,163	104,118
Prepayments for consulting services	–	1,130
Other prepayments	3,103	3,136
	54,266	108,384

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

	Six months ended 30 June 2025 HK\$'000	2024 HK\$'000
At 1 January (Audited)	104,118	492,911
Newly prepaid	59,661	128,750
Utilised	(9,049)	(85,060)
Settlement (<i>note b</i>)	(104,118)	–
Exchange realignment	551	(3,677)
At 30 June (Unaudited)	51,163	532,924

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

14. PREPAYMENTS (Continued)

Notes:

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

The Group's total advance payments to its largest traffic supplier composed of the deposits for expanding overseas E-commerce markets (see note 13) and prepayments for purchases of traffic. As at 30 June 2025, the Group's total advance payments to its largest supplier as a percentage of total assets was 41% (31 December 2024: 39%). Details of the percentage are as follows:

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Advance to the largest supplier:		
– Deposits for expanding overseas E-commerce markets (<i>note 13</i>)	215,000	215,000
– Prepayments for purchases of traffic	51,163	104,118
	266,163	319,118
Total assets	648,263	822,230
Advance to the largest supplier as a percentage of total assets	41%	39%

- b. During the six months ended 30 June 2025, the Group and the traffic supplier of the Group entered into a debt settlement agreement, pursuant to which the payables to the traffic supplier of HK\$104,118,000 (six months ended 30 June 2024: nil) was offset against the Group's prepayments to the traffic supplier of the same amount. The above transactions are accounted for as a non-cash transaction.

Subsequent to the end of the current interim period, no prepayments for purchases of traffic was utilised or offset against the Group's payables to the traffic supplier in July 2025.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

15. BANK DEPOSITS/RESTRICTED BANK BALANCES

Bank deposits represented term deposits with original maturity of more than three months.

Restricted bank balances represented the bank balances that were not available to use by the Group. During the six months ended 30 June 2025, restricted bank balances were released to the Group.

16. TRADE AND OTHER PAYABLES

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Trade payables	215,782	297,448
Employee compensation payable	11,044	10,884
Other tax payable	5,562	894
Accrued listing expense/share issue costs	4,386	4,319
Payables for intangible assets	1,974	1,944
Other payables and accruals	2,445	5,644
	241,193	321,133

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

	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Within 3 months	2,586	286,985
4-6 months	79,255	–
7-12 months	133,941	–
Over 1 year	–	10,463
	215,782	297,448

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

17. SHARE CAPITAL

	Number of shares	Share capital HK\$
Ordinary shares of HK\$0.00001 each		
Authorised		
At 1 January 2024, 30 June 2024, 1 January 2025 and 30 June 2025	<u>5,000,000,000</u>	<u>50,000</u>
Issued and fully paid		
At 1 January 2024, 30 June 2024, 1 January 2025 and 30 June 2025	<u>2,371,927,200</u>	<u>23,720</u>
	As at 30 June 2025 HK\$'000 (Unaudited)	As at 31 December 2024 HK\$'000 (Audited)
Presented as	<u>24</u>	<u>24</u>

18. SHARE BASED PAYMENT TRANSACTIONS

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

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

Pursuant to the Share Award Scheme, the Company had contracted with a trustee (the "**Trustee**") to establish a trust (the "**Trust**") on 21 June 2021. The board of the Company (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 2025 and 2024, the Trustee did not purchase any shares of the Company, and no participant was selected as the Selected Participants, thus no share had been granted.

During the six months ended 30 June 2024, the Group recognised share-based payment expenses of HK\$1,874,000 in respect of these awarded shares.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

18. SHARE BASED PAYMENT TRANSACTIONS (Continued)

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

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

During the year ended 31 December 2023, 1,000 shares of Joy Spreader International held by the Company have been granted to Mr. Zhu Zinan, representing 10% of the issued shares of Joy Spreader International, which is also the upper limit of the total shares available for grant under Joy Spreader International Share Award Scheme. The exercise price is zero and the granted shares are vested in four tranches with the vesting dates on 1 September 2023, 1 March 2024, 1 September 2024 and 1 March 2025.

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

	Outstanding at 1 January 2025	Granted during the period	Vested during the period	Forfeited during the period	Outstanding at 30 June 2025
Shares granted to: Mr. Zhu Zinan	600	–	–	–	600

	Outstanding at 1 January 2024	Granted during the year	Vested during the year	Forfeited during the year	Outstanding at 31 December 2024
Shares granted to: Mr. Zhu Zinan	800	–	(200)	–	600

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

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

During the six months ended 30 June 2025, share-based payment expenses of HK\$197,000 (six months ended 30 June 2024: HK\$1,874,000) was recognised in the Group’s consolidated statement of profit or loss in respect of the Joy Spreader International Share Award Scheme.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

19. DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2025, the Group disposed 100% of the equity interests in two subsidiaries, Beijing Joy Spreader Interactive E-commerce Limited and Chengdu Joy Spreader Interactive E-commerce Limited. The net assets of these subsidiaries at the date of disposal were as follows:

	Date of disposal HK\$'000
Analysis of assets and liabilities over which control is lost:	
Property, plant and equipment	115
Cash and cash equivalents	95
Other payables	(136)
Net assets disposed of	74
Consideration received:	
Total consideration received	–
Loss on disposal of subsidiaries:	
Consideration received and receivable	–
Net assets disposed of	(74)
Loss on disposal	(74)
Net cash outflow arising on disposal:	
Cash consideration	–
Less: cash and cash equivalents disposed of	(95)
Loss on disposal	(95)

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

20. 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 2025 on a recurring basis:

	Fair value as at 30 June 2025 HK\$000 (Unaudited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs as at 30 June 2025	Relationship of unobservable inputs to fair value
Financial assets						
Unlisted equity securities - Yingyi Technology	2,264	Level 3	Reference to the net assets value of the investee	Net assets value of the investee	N/A	The higher the net assets value, the higher the fair value, vice versa (note a)
Unlisted equity securities – Hainan Juxing	–	Level 3	Reference to the net assets value of the investee	Net assets value of the investee	N/A	N/A
Investment in private fund – for angel investments	9,819	Level 3	Reference to the net assets value of underlying investments held by the investee	Net assets value of underlying investments	N/A	The higher the net assets value of underlying investment, the higher the fair value, vice versa (note b)
Financial liabilities						
Obligation arising from a forward contract with non-controlling interests	42,224	Level 2	Reference to the higher of the sum of the investment principal and interests at a fixed rate of 9% per annum and the unaudited net asset value of Yangzhou Huayue	N/A	N/A	N/A
Derivatives	7,987	Level 2	Reference to the sum of the investment principal and interests at a fixed rate of 6%	N/A	N/A	N/A

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

20. 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 2024 on a recurring basis:

	Fair value as at 31 December 2024 HK\$000 (Audited)	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Range of inputs as at 31 December 2024	Relationship of unobservable inputs to fair value
Financial assets						
Unlisted equity securities – Yingyi Technology	2,264	Level 3	Reference to the net assets value of the investee	Net assets value of the investee	N/A	The higher the net assets value, the higher the fair value, vice versa (note a)
Unlisted equity securities – Hainan Juxing	–	Level 3	Reference to the net assets value of the investee	Net assets value of the investee	N/A	N/A
Investment in private fund – for angel investments	9,832	Level 3	Reference to the net assets value of underlying investments held by the investee	Net assets value of underlying investments	N/A	The higher the net assets value of underlying investment, the higher the fair value, vice versa (note b)
Financial liabilities						
Obligation arising from a forward contract with non-controlling interests	40,136	Level 2	Reference to the higher of the sum of the investment principal and interests at a fixed rate of 9% per annum and the unaudited net asset value of Yangzhou Huayue	N/A	N/A	N/A
Derivatives	18,664	Level 2	Reference to the sum of the investment principal and interests at a fixed rate of 6%	N/A	N/A	N/A

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

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

Notes:

- a. A 1% increase/decrease in the net assets value holding all other variables constant would increase/decrease the carrying amount of unlisted equity securities by HK\$28,000 as at 30 June 2025 (31 December 2024: a 1% increase/decrease in the net assets value holding all other variables constant would increase/decrease the carrying amount of unlisted equity securities by HK\$23,000).
- b. A 1% increase/decrease in the net assets value of underlying investment holding all other variables constant would increase/decrease the carrying amount of unlisted equity securities by HK\$98,000 as at 30 June 2025 (31 December 2024: HK\$98,000).

There were no transfers between level 1, level 2 and level 3 during the six months ended 30 June 2025.

(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	Investment in private fund HK\$'000	Total HK\$'000
At 1 January 2025 (Audited)	2,264	9,832	12,096
Total loss in profit or loss	–	(165)	(165)
Exchange realignment	–	152	152
At 30 June 2025 (Unaudited)	2,264	9,819	12,083
At 1 January 2024 (Audited)	12,993	7,414	20,407
Total gain in profit or loss	–	2,653	2,653
Exchange realignment	(93)	(89)	(182)
At 30 June 2024 (Unaudited)	12,900	9,978	22,878

(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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

21. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

	Six months ended 30 June	
	2025	2024
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Fee	83	83
Salaries and other benefits-in-kind	1,677	1,789
Contributions to retirement benefits scheme	92	109
Equity-settled share-based expense	197	1,874
	<u>2,049</u>	<u>3,855</u>



DEFINITIONS



"own 1P Traffic"	first-party traffic
"AIGC"	artificial intelligence generated content
"AGM"	the annual general meeting of the Company held on June 27, 2025
"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 Group Co., Ltd (北京樂享互動網絡科技股份集團有限公司), a company established under the laws of the PRC with limited liability on October 9, 2008, and by virtue of the Contractual Arrangements, accounted for as our subsidiary
"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 of the Company
"Corporate Governance Code"	the Corporate Governance Code as set out in Part 2 of Appendix C1 to the Listing Rules
"Chairman"	the chairman of the Board
"China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this report, Hong Kong, Macau Special Administrative Region and Taiwan
"Companies Act"	the Companies Act, 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

DEFINITIONS

"Director(s)"	the director(s) of the Company
"Foreign Investment Law"	the PRC Foreign Investment Law 《中華人民共和國外商投資法》
"FVTPL"	fair value through profit or loss
"FVTOCI"	fair value through other comprehensive income
"GDP"	gross domestic product
"GMV"	gross merchandise volume
"Group", "the Group", "Joy Spreader Group", "we" or "us"	our Company, its subsidiaries and the consolidated affiliated entities at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the subsidiaries of our Company or the businesses operated by its present subsidiaries (as the case may be)
"Joy Spreader International"	Joy Spreader International (HK) Limited (樂享國際有限公司), formerly known as Joy Spreader Interactive Group (HK) Limited, a company incorporated in Hong Kong on October 25, 2019 as a limited liability company and a wholly-owned subsidiary of us
"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
"Joy Spreader International E-commerce"	Joy Spreader International E-commerce (hk) Limited, a company incorporated in Hong Kong on May 31, 2023 as an exempted company with limited liability
"Joy Spreader Singapore"	JOY SPREADER INTERACTIVE GROUP PTE. LTD., a company incorporated in Singapore on February 23, 2023 as an exempted company with limited liability and a wholly-owned subsidiary of the Company
"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 of Hong Kong Limited, as amended or supplemented from time to time
“Main Board”	the Main Board of the Stock Exchange
“MCN”	multi-channel network, a product form of multi-channel network, is a new operation mode of internet celebrity economy
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 to the Listing Rules
“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
“PGC”	professional generated content
“R&D”	research and development
“Registered Shareholder(s)”	being Mr. Zhu Zinan, 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



DEFINITIONS

“Remuneration Committee”	the remuneration committee of the Board
“Renminbi” or “RMB”	Renminbi Yuan, the lawful currency of China
“Reporting Period”	the six-month period from January 1, 2025 to June 30, 2025
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“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
“Share Award Scheme”	the share award scheme adopted by the Board on June 21, 2021
“State Council”	State Council of the PRC (中華人民共和國國務院)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“UGC”	user generated content
“WFOE”	Joy Spreader Interactive Group Limited (樂享互動集團有限公司), formerly known as Beijing Joy Spreader Interactive Technology Co., Ltd (北京樂享互動科技有限公司), a limited liability company established in the PRC on May 22, 2019 and a wholly-owned subsidiary of us
“Yingyi Technology”	Shenzhen Yingyi Vision Technology Co., Ltd. (深圳影漪視界科技有限公司), a non-listed company established under the laws of the PRC with limited liability on September 14, 2020

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.